



INDIA'S NEW FARMS LAWS AND UNDERLYING CORPORATE BIAS

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Inspired by the example of US and Europe - whose agricultural structure is characterised by predominance of large land holdings over which mostly single variety of crops are grown in large quantities - these legislations are forced against a completely different Indian reality.

INTRODUCTION

The three controversial farm acts, against which the farming community across the country has been up in arms, continues to be hailed in most of the business press as the long-awaited (Final) solution to the fundamental ailments of India's agricultural sector.

By removing the impediments standing in the way of corporate investments, the argument goes, these reforms will make way for the inflow of capital required to improve incomes, infrastructure and productivity in agriculture.

Assuming that to be the case, the central government over the last years had been unsuccessfully attempting to nudge the state governments towards legislating laws to bring about the reforms envisioned in the farm acts.

Then, in a country reeling in the middle of the pandemic, the central government - in an open violation of the federalist principle of the Indian constitution which classifies agriculture as a state subject - first passed these three legislations as ordinances and then rammed them through the Parliament in September 2020.

Agrarian experts interviewed for this paper argue that the three legislations, through which the government seeks to promote across-the-board corporatisation of agricultural supply chain, reflects a complete lack of understanding of the specificities of the structure of Indian agriculture.

There is a near unanimous agreement amongst these interviewees that the predominance of small holdings and multiple cropping makes the Indian agrarian structure incompatible with a corporatized model of farming.

Inspired by the example of US and Europe, whose agricultural structure is characterised by predominance of large land holdings over which mostly single variety of crops are grown in large quantities, these legislations are forced against a completely different Indian reality.

On the one hand, these reforms weaken the APMCs and government procurement for Public Distribution System (PDS) which - although flawed and in need of many corrections - are critical support structures to cater to the Indian agrarian reality. But on the other, these acts hold no

promise of bringing a massive capital injection into farming from the coffers of large corporations which the government is desperately seeking to woo.

These acts may nevertheless result in an accelerated corporatisation of agricultural supply chain, if followed by other massive concessions, such as handing over market lands and liberalisation of land leasing - which has been in the pipeline in the form of the Model Agriculture Land Leasing Act, 2016 prepared by the Niti Aayog to facilitate the transfer of direct control over farm lands to corporations.

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But corporatisation through these means are more often than not characterised by a capture of existing infrastructure, rather than by an increase of investment into building new ones. This will result in a corporate capture of value from farmers, small traders and workers across the supply chain, while bringing little gains to them or the final consumers.

Contrary to the promise of doubling farm incomes, such a corporate capture is likely to further squeeze the incomes of those dependent on farming and further weaken the Public Distribution System (PDS) on which the majority of the population is dependent for nutrition.

The resulting situation - one of depressed domestic demand in the backdrop of a massive capture of agricultural produce by corporations - will rewire the sector to serve the primary purpose of catering to exports, turning acreage away from food crops to other produce aimed at the export market.

The inevitable flipside of this export reorientation, which has been an openly expressed ambition of the government¹, is the reliance on cheap imports from highly subsidised producers in western countries to feed the domestic population. This raises serious concerns about a return to the pre-green revolution years when India's dependency on imported food grains was being increasingly used by the west as a political leverage.

The following sections place the three acts in the context of its preceding laws and delve into the potential effects each of them is likely to have, individually and in conjunction with the other two, on India's agrarian economy and its various stakeholders.



THE APMC BYPASS ACT

The first of the three acts is the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, which has come to be known as the APMC Bypass Act, for it seeks to bring about the demise of the Agricultural Produce Market Committee (APMC). Despite all its flaws, this institution is a democratic one, explains Prof. Sukhpal Singh², the Chairperson of Centre for Management in Agriculture (CMA) in IIM, Ahmedabad.

“The APMC is a committee of different stakeholders in agriculture. Its members are elected. 60% of them are farmer representatives, 30% are representatives of traders and commission agents, and 5-10% are government and cooperative representatives in each APMC. Chairperson is also elected, while the secretary and auctioning officers, among others, are employees.”

He adds, however, that “there are some cases, like Punjab, where the state government has been nominating members to this committee. But in others - like Karnataka, Gujarat and Maharashtra - these elections are very vigorously contested every 5 years.”

This act seeks to weaken the APMC by prohibiting it from imposing any “market fee or cess or levy, by whatever name called, under any State APMC Act or any other State law” on any transaction of farm produce, conducted outside the premises of the APMC market or outside the areas already notified as private markets under the different state APMC Acts.

It is of relevance to note firstly that the market fees charged by APMCs is not an act of extortion. Considerable costs are incurred by the APMCs in undertaking the task of aggregating the farm produce. In the Indian context where an enormous number of farmers with small landholdings are involved in production of a large variety of grains, but each in small quantities, aggregation is a difficult and costly affair.

APART FROM TAKING THE TRANSACTIONS OF AGRICULTURAL PRODUCE OUT OF THE REGULATORY AMBIT OF THE APMC, THE ACT FURTHER DENIES FARMERS THE OPPORTUNITY TO SEEK REDRESSAL FROM COURTS IN CASE OF DISPUTE .

APMCs have also been ensuring that at least a small portion of India's farmers get a Minimum Support Price (MSP) - even if well below what was recommended by the Swaminathan Commission. The Act bypassing APMCs does not mandate that the private corporations procuring directly from farmers should pay at least the MSP for the crops to which it is applicable.

Another critical role played by the APMCs is to ensure that all sales and purchases under its jurisdictions go through a proper process of auction to ensure best possible market price (above MSP) for the farmers, and to ensure timely and complete payment to them by the purchasers, including the corporations.

Apart from taking the transactions of agricultural produce out of the regulatory ambit of the APMC, the act further denies farmers the opportunity to seek redressal from courts in case of dispute ³.

"In case of any dispute arising out of a transaction between the farmer and a trader", facilitated outside APMC's jurisdiction by the Bypass Act, "the parties may seek a mutually acceptable solution through conciliation by filing an application to the Sub-Divisional Magistrate," it states.

Further impunity is extended in another clause in the act which states: "No suit, prosecution or other legal proceedings shall lie against the Central Government or the State Government, or any officer of the Central Government or the State Government or any other person in respect of anything which is in good faith done or intended to be done under this Act or of any rules or orders made thereunder." The "any other person" is defined in this act as a category including "a company" or "a partnership firm".

It is important to note that, before the parliamentary legislation of this act, it was not the case that the APMC was a strict and all-pervading regulatory authority. The majority of the agricultural produce, even hitherto this act, was being transacted outside of the APMC channel.

"The agricultural produce transacted through the APMCs amounts only to a third of the total transactions. Two-Thirds were already being transacted outside," Singh estimates. Six states and union territories - Bihar, Kerala, Manipur, Daman and Diu, Dadra and Nagar Haveli, and Andaman and Nicobar - do not have an APMC.

Even in states which have adopted an APMC act, the market area controlled by this committee is limited, explains Prof. Vikas Rawal⁴ from the Centre for Economic Studies and Planning in JNU, Delhi.

"If there is a regulated (notified) market, let's say in Shimla, it will be applicable to a 5 km radius,

for example. Any purchases within this radius had to happen in the APMC market area. But outside this radius, you can do whatever you want. Across the country, most of the markets are outside of the notified areas, where the corporations could already go and buy directly, without having to deal with the APMCs in any way."

APMC REMAINS THE MOST EFFICIENT AGGREGATOR

Nevertheless, agri-businesses have been purchasing the bulk of their supplies from the APMCs because, even after paying the fees, it is often the most cost-efficient way to procure them. Because India has a large number of farmers, producing a wide variety of crops on small farms, the cost of purchasing a single produce in bulk from farmers is very high for corporations, explains R Ramakumar⁵, NABARD Chair Professor at the School of Development Studies in TISS, Mumbai.

"The transaction costs," he adds, "in many cases will be higher than the APMC fee. Even where it is lower, it is only marginally low, so there is no great incentive for corporations to invest in building their own markets and setting up the required logistical arrangements. Reliance Fresh, for instance, buys (predominantly) from APMC mandis, because it is actually cheaper."

The aggregation undertaken at the level of APMCs are crucial for ensuring that a standard is maintained in the quality, colour, variety and size of the produce sold on the supermarket shelves.

This act promoting the bypassing of this most efficient aggregator is unlikely to create new corporate market infrastructures outside of the APMC's ambit. In Maharashtra, most of the measures envisaged in this act to constrict the

APMCs had already been put into practice since 2015 at the Vashi APMC, whose jurisdiction was limited to a few square yards of the market area by a previous Congress government.

And yet, the volume of transactions in the APMC there is "five to eight times greater than that in the private chains," explained veteran rural journalist, P. Sainath, in a conference⁶.

Kerala⁷ never had APMCs, while Bihar had scrapped its APMC act in 2006. Yet, he points out, there is no springing of private markets as alternatives in either of the states. The private sector, he argues, is not willing to set up infrastructure to compete with the APMCs, but is rather looking forward for a transfer into its hands the infrastructure which has been created and kindled by the public sector.

Rawal believes that the government's next logical step will be to facilitate exactly this - the corporate takeover of the existing public infrastructure. "What I foresee", he says, "is that the government would now move into a gear where they start handing over Mandi lands and its markets to Reliance or Adani or any such corporations interested in taking over the rural facilities to procure the produce from farmers."

Contrary to the much promised "elimination of middlemen", such a corporate takeover will only entrench them within its own supply chain, explains Prof. Biswajit Dhar⁸, Centre for Economic Studies and Planning, JNU.

"The wholesale market," he warns, will be "rearranged in a way that the traditional traders (or the middlemen) who have been dealing with APMCs are forced to surrender to the (agribusinesses)... who will then do the aggregation taking advantage of all the existing infrastructure that is already there in the rural areas."





CONTRACT FARMING ACT

Along with the bypass act removing the APMC from its critical role of mediating the transactions between farmers and corporations, the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 was also passed.

According to this act, corporations seeking to enter into contracts with farmers to procure their produce no longer need to get an approval from or pay a fee to APMCs, even in the areas that are notified. The act also stipulates that orders against hoarding passed under the essential commodities act (which has also been diluted through amendments) will not be applicable to the produce grown under contract farming arrangement.

The act provides a national legal framework for the farmers and corporations to enter into farming contracts "for a minimum of one crop season or one production cycle of livestock.. and the maximum period shall be five years". In cases where the production cycle of a particular commodity exceeds five years, the maximum period of the agreement can exceed accordingly.

This act was legislated with the promise that it will increase the farmers' financial security by transferring the risks of price fluctuation to the corporations, and by eliminating the intermediaries and correspondingly increasing in value realised by farmers.

Singh, who has studied contract farming in India and abroad for over 30 years, says that contract farming has been practiced in India for almost 30-40 years in perishable commodities, and for almost 60 years in case of seeds.

**FROM GHERKINS
GROWN IN TAMIL
NADU FOR EXPORTS,
TO TOMATOES GROWN
IN PUNJAB FOR
MAKING KETCHUP
OR POTATOES IN
GUJARAT FOR BAKING
CHIPS - CONTRACT
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"All the seed production has been happening through contract farming in India since the 1960s-70s - be it undertaken by multinational companies, national companies or even state seed corporations. Punjab started the PepsiCO project in 1989. Also, any company dealing in organic products has to engage in contract farming because the farm has to be certified," he says.

From gherkins grown in Tamil Nadu for exports, to tomatoes grown in Punjab for making ketchup or potatoes in Gujarat for baking chips - contract farming has been in practice for long, across multiple crops and regions.

Until the model APMC Act 2003 was subsequently adopted by different states, contract farming was practiced either in a legal vacuum or under the special provisions made by different states. This model act, which was adopted with some changes by a total of 22 of states and union territories, has since provided a legal framework.

Singh believes "we should return to this framework". The chapter on contract farming in this 2003 act specified the terms and conditions laid down to provide a basic protection to the farmers. A model agreement for contract farming was also a part of this model act.

Every company had to get the contract agreement approved from the Mandi board before going to farmers. "They had to register with the APMC, and clarify how many farmers will be involved, and which crops will be grown in what quantity, because you had to pay a Mandi fee on that quantity procured," he explains.

"In some states", he adds, "regulations on the basis of the model APMC Act were stricter than others." For example, the Haryana government, which in 2003 itself had made a contract farming arrangement under the APMC, had added two important conditions.

Firstly, that "the price could not be lower than MSP for the crops to which it is applicable, and (secondly), a bank guarantee to the extent of 15% of the value of the produce contracted was mandated, so that in case the company runs away, you still have some money to pay the farmers."

But none of these regulations stood in the way of any contract farming projects, he insists, challenging, "tell me which company (that wanted to engage in contract farming) did not get permission (from the APMC)?"

Further, these basic regulations providing a layer of safety net to the farmers in their dealings with an unequal entity were not even applicable in states without APMC.

Even in the states which had adopted the APMC act, enforcement of these regulations were very limited, argues Kavitha Kuruganthi⁹, who is a member of the delegation negotiating with the government on the farmers' behalf. She is a part of the All India Kisan Sangharsh Coordination Committee (AIKSCC) - one of the largest umbrella organisations of the farmers' unions leading the protest against these acts.

Contract farming under the ambit of the former APMC act "did provide a greater oversight than the contract farming act legislated by the

centre. But the reality remains that it was rarely operationalised. Nobody actually walked up to the APMCs to get their contract farming agreements registered," Kuruganti says.

So, if a new era of contract farming was awaiting to bestow on farmers all the benefits enumerated in the business press, it did not have to wait till the new contract farming act was passed by centre in September 2020.

The model APMC Act, 2003, on the basis of which different states legislated their APMC acts, had already made the provision for sale of the "agricultural produce covered under the Contract Farming agreement.. outside the market yard." The act had clarified that "in such a case, no market fees will be leviable".

The cost of paying the registration fee and complying with the state regulations legislated on the basis of this act was never high enough to impose a significant toll on the profit-making potential from contract farming.



THE VERY STRUCTURE OF INDIAN AGRICULTURE MITIGATES AGAINST CONTRACT FARMING

The high toll is imposed instead by the very structure of Indian agriculture, Ramakumar argues. "Indian agriculture is structurally incapable of serving that kind of surplus (to corporations). All these marketing models are coming from the US and Europe, where one farmer cultivates 5,000-10,000 acres of contiguous land. So if, for example, a company wants to contract one tonne of tomatoes, in place of one farmer in the case of the US, it will have to contract 10,000 farmers in India."

The cost of drawing up 10,000 contracts and maintaining a standard in the variety, colour and size of the agricultural produce procured from them is prohibitive. "There is a viability problem (for contract farming) built into the very structure of Indian agriculture," he adds.

According to the latest agricultural census conducted in 2015-16, over 86% of the landholdings are each less than 4.95 acres¹⁰. "These corporates do not work with such small farmers," Singh argues.

"Many specify a requirement of a minimum of 5 acres of land to enter into a contract. Only the top 15% of the farmers have the bare minimal ability to engage in contract farming. Only exception is gherkins in south India, where they prefer small farmers because it is a very labor-intensive produce," he explains.

"While the produce of contract farming is of high value" he adds, "volume-wise they amount only to about 1% of the total produce. There are only a few dozen companies working with a few hundred or a few thousand farmers each, and for very specific crops."

Where contract farming has been aggressively pushed against this unviable reality, for example, by the government in Punjab which had already amended the APMC Act in 2013 to remove contract farming from its ambit, the result was a phenomenon Singh calls "reverse tenancy".

While land was traditionally leased by small farmers from the big, the opposite has been happening here. Over 40% of the land in this state is under lease. "But these transfers have no standing in the law. Leasing of agricultural land is not permitted, in order to prevent the breaching of land ceilings. So, all such transfers happen informally. There are informal landlords, known as Potato Kings etc, who are cultivating 4,000 - 5,000 acres each. Their legal landholdings are only 3 or 4 acres."

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In an attempt to begin the process of legalising such land-concentration - reversing even the very limited redistribution undertaken during the land-reforms post-independence - the NITI Aayog published a model Land Leasing Act in 2016. State legislatures were encouraged to legislate on the basis of this model act. "Punjab has already prepared the draft for a legislation to permit anybody from anywhere to lease any amount of land (in the state) for a minimum of 15 to maximum of 30 years," Singh adds.

Such a move would set the stage not only for contract farming but for corporate farming proper - where the land itself is under the control of corporations which directly undertake cultivation - which is what the corporations are eyeing, Kuruganti explains.

"Liberalisation of land leasing is set to be the next thing the government will dish out." That, she says, "is what corporations will be interested in mainly. If companies can lease land, turn it into an enclosure which can be cultivated with greater use of machinery and a smaller portion of labor, that will be a lot more hassle-free for them."

However, Rawal and Ramakumar believe that such a move towards handing over agricultural lands to corporations is not on the horizon, because neither the government nor the corporates are willing at this point to face the political backlash it will entail. Although it is yet to unfold.

THE QUESTION OF FPOS

For now, the government is seeking to transcend the barriers small holdings have erected in the way contract farming by promoting Farmer Producer Organisations (FPOs) – a platform for farmers to pool in their lands to form a collective. These FPOs, it is hoped, can produce and transact in bulk quantities, making it feasible for the corporations to profitably enter into an agreement.

But Rawal remains sceptical about the likelihood of this strategy succeeding. "In most states" he explains, "there are no programmes or provisions to support the formation of cooperatives, except perhaps in the case of Kerala which has the example of Kudumbashree. But there are very few examples of successful cooperatives in India because, given the failure of land reforms, a high degree of inequality remains in landholdings. In absence of a uniformity in land-holdings, a consistent and concerted government effort will be required, which is not to be seen in most states."

Ramakumar adds that in addition to inequalities in land holding, rural India is highly fragmented by social divisions. "Collectivisation happens in such circumstances only if there is a strong political movement driving it. But it won't happen automatically as a natural economic process, unless a lot of other conducive factors happen to converge."

Kuruganti concurs that, currently, "there are very few FPOs which are functional and viable. The number of farmers under FPOs are very low." However, she adds that "five years from now it could change. The government intends to invest big into creating 10,000 FPOs."

The task "is easier said than done". But, she adds, if the government does succeed in creating FPOs capable of undertaking the task of aggregating produce of thousands of farmers, contract farming might surmount the barrier imposed by the predominance of small holdings.

Is that not a positive development if the collective action of farmers is what makes way for contract farming? "On paper, yes" says Dhar. "FPOs coming up to deal with corporations through their collective strength is a positive development." But, he clarifies, in practice, "if you empower farmers, that will be at the expense of companies. You can't have it both ways. Actual empowerment of farmers through FPOs goes against the interests of the companies on whose behalf the FPOs are being promoted."

Kuruganti adds that "if those FPOs are (being cultivated for the very purpose of serving as) slaves of some corporate entities which have already decided how the market will be shaped for the FPOs, then we have a problem in terms of their

autonomy. It will not be up to these FPOs to decide what crops to grow, for which market, whether the crop and its cultivation method is environmentally sustainable and culturally suitable or not."

Such FPOs are attractive not only to the agri-businesses, but also to the E-commerce companies which, especially during the COVID-19 lockdown, have been expanding their operations beyond the last mile delivery to consumers, points out Nandini Chami¹¹, a researcher with IT for Change, a not-for-profit organisation researching on technology related themes.

SWIGGY HAS ALREADY STARTED TO OPERATE SUPPLY CHAINS DIRECTLY FROM FARMS TO RESTAURANTS.

Swiggy has already started to operate supply chains directly from farms to restaurants. "We can be sure that Amazon is also headed in this direction because they have announced a pilot for running farm-to-consumer stores in Pune (in 2020)", Chami says.

The enthusiasm with which the government has been promoting the interests of these companies was evident during the lockdown in

its "automatic assumption that E-commerce is an essential service", she says. "The first time the order came out about what is exempted from the lockdown, E-commerce companies were given a free-pass, but the Food Corporation of India (FCI), which procures grains for distribution through the PDS on which the bulk of the population relies, was not."

It took two weeks for the government to issue a clarification to the effect that one has to assume that the FCI is also exempted. "But in those two weeks, there were a lot of disruptions in FCI's procurement. In Punjab and Haryana especially, there were a lot of problems with the FCI's truck movement."



PROMOTION OF HOARDING WILL NOT LEAD TO INVESTMENT IN STORAGE

Called the Essential Commodities (Amendment) Act, 2020, the third farm act dilutes the provisions made under the Essential Commodities Act, 1955, to control price and supply of food produce.

The 1955 act provided for price controls, including through imposition of restrictions on hoarding, "[i]f the Central Government is of the opinion that it is necessary or expedient to do so for maintaining or increasing supplies of any essential commodity or for securing their equitable distribution and availability at fair prices". This earlier act sought to address colonial India's experiences with famines, arising out of artificial scarcities of foodgrains created through hoarding.

In a demonstration of how unimportant the government has come to regard this crucial objective, the act was amended in order to exempt "foodstuffs, including cereals, pulses, potato, onions, edible oilseeds and oils" from the price controls. Price controls can now be imposed "only under extraordinary circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature."

Until there is a "hundred per cent increase in the retail price of horticultural produce; or.. fifty per cent increase in the retail price of non-perishable agricultural foodstuffs", restrictions on hoarding of these commodities cannot be imposed. Barely a month after this bill was passed, in the backdrop of the elections in Bihar, the onion prices had soared over 100%, and the government was forced to impose restrictions.

"Traders hoarding produce to manipulate the supply and jack up the prices is a very frequent problem," says Rawal. "It happens all the time, and the essential commodities act was a key instrument in dealing with it. Now the government has weakened its own hand by saying that it is only under very restrictive conditions it could invoke these provisions."

LARGE STORAGE STRUCTURES WILL BE WARRANTED WHEN THERE IS "A CERTAIN HOMOGENEITY IN CROPPING PATTERN, LIKE IN THE CASE OF THE US AND EUROPE. IN INDIA, HOWEVER, FOR A GIVEN NUMBER OF FARMERS, THE SHEER DIVERSITY OF CROPS THEY ARE CULTIVATING IS ENORMOUS.

"The market", argues Dhar, "works in a perverse manner. Despite having record production, it is a regular feature that prices of vegetables like onions and potatoes shoot up. The moment that there is a signal that the (upcoming) monsoon is going to be poor, the traders immediately get into the act of hoarding even before the onset of the season. The essential commodities act was a critical tool in dealing with this repetitive situation. Now this has been diluted."

The provision to intervene in case there

is a 50-100% price hike is not satisfactory consolation because, by then, "much damage would already have been done. We had a situation where even without these thresholds, the government was not being very effective in controlling the prices of agricultural commodities."

Even when the price-rise exceeds these thresholds, the restrictions permitted under this act "shall not apply to a processor or value chain participant of any agricultural produce, if the stock limit of such person does not exceed the overall ceiling of installed capacity of processing, or the demand for export in case of an exporter".

This "freedom" to hoard, or "hold" as the press release¹² of the Ministry of Consumer Affairs, Food & Public Distribution states, "will lead to harnessing economies of scale and attract private sector/foreign direct investment into the agriculture sector. It will help drive up investment in cold storages and modernisation of the food supply chain."

But "96 per cent of the cold storages in India" were already private back in 2016, according to a paper¹³ published at the time by the Centre for Public Policy Research. 100% FDI has also been permitted in the cold storage sector since 2013.

"But these are mostly small storage structures, not the large ones owned by corporate giants, which is what the government wants," argues Ramakumar. There is no reason, in his opinion, to believe that these amendments to essential commodities act will in itself bring about such storage capacity.

It is not regulatory provisions, now restricted or eliminated by the amendment to essential commodities act, that was

holding back investments to build gigantic storage infrastructures. As in the case of contract farming, it is once again the structural features of agriculture - predominance of small-farms and multi-cropping - that acts as a deterrent.

Large storage structures will be warranted when there is "a certain homogeneity in cropping pattern, like in the case of the US and Europe. In India, however, for a given number of farmers, the sheer diversity of crops they are cultivating is enormous. In contrast, western countries produce large quantities of the same crop," he explains.

Since a large portion of the produce in India is sold locally, the bulk supply requiring such large storage facilities does not arise. "The government also understands this", says Ramakumar. "So they are trying to promote this scheme called 'One district, one crop', which has been a total failure."

However, he qualifies his argument by adding that "there are players in the logistics sector who do foresee that in the near future - not immediately but somewhere down the line - if the government reduces procurement and all those commodities come to the open market, if APMC markets are destroyed and all the produce there also comes into private markets, then there is scope." Several reports have pointed to the increasing role of Adani Logistics in agricultural storage.

"ENTRY OF E-COMMERCE COMPANIES INTO AGRICULTURE MAKES A QUALITATIVE DIFFERENCE"

Today, it is not only the traditional players in agri-business that are looking to expand their control over the storage sector. "Amazon has an arm called Amazon Web Services (AWS), which provides data analysis and cloud intelligence. One of the packages they offer is very popular among the retailers," explains Chami.

This service records data about the transactions and analyses them to identify the products and brands which have high demands at different times of the day. The data is stored in Amazon's cloud. "There is a business confidentiality underpinning this, because Amazon is supposed to be providing only an analytical service for the retailer. But in reality, this business confidence is being violated. Managers in Amazon have reported that these analytics were used to compare data from Amazon's own platform, in order to outcompete very popular brands."

In the long run, once sufficient data is gathered, "we can see from the experience of the retailers who used such a service in the US, that they either get thrown out (of the market) or co-opted in Amazon's supply chain under conditions that are very unfavourable. Many of them just cannot stay afloat on their own anymore."

"It is difficult to ascertain that this will necessarily repeat in India, because the markets are different and the most efficient means of operation vary from market to market," Chami clarifies. "But what is for certain is that a small player (incorporated) in the Amazon controlled retail chain will not be (incorporated) on the terms of a vendor." Vendors, she warns, will be cornd into a position where they can survive only by serving Amazon as "dark stores".

Retail stores entering into a partnership with Amazon are given a certain amount of stock to store. This will be the last mile storage point for its goods, before the delivery person finally collects and delivers them to the final consumer.

"It is called a 'dark store' because this part of the business is not visible to the customer of the kirana store", she explains. "However, from previous experience, we know that this part of the business ends up becoming the main lifeline for the store's survival, while the primary business of catering to local consumers becomes secondary."

The entry of E-commerce giants into agriculture makes a qualitative difference. "It is not simply more of the same," she warns. "We've seen corporations controlling large chunks of the market. But what we're heading towards with the entry of E-commerce, with its massive data power, is a situation where the marketplace itself is controlled by corporations." In such a marketplace, neither the farmers producing the grains nor the small retailers in the last link of the agricultural supply chain emerge as the beneficiaries.

Ignoring all the warnings, "the government reasons that by deregulating the market through these acts, the farmers will get higher prices, and, at the same time, the consumers will also benefit. However, every step taken towards deregulating the market has so far had the opposite effect," Dhar points out.

Pointing to the increase in the Consumer Price Index (CPI), he says "food price inflation has gone into double digits. On the other hand, if you look at the wholesale prices, there is hardly a 2% increase last month (October 2020)."

This increase is realised by the traders. "The farmers' earnings are below the wholesale price, so if that itself has seen only a 2% rise, the farmers have seen virtually no increase at all. But the consumers are actually facing double-digit food price inflation. The only beneficiaries here are traders. And you know who these traders are... These are the characters who are going to benefit from the deregulation of the market."

Already, in 2016, Adani Agri Logistics Limited (AALL) had "signed an exclusive service agreement with the Food Corporation of India. The project has been implemented at a total cost of nearly Rs. 700 crores," according to the company's website¹⁴.

"The key feature of the project", the website explains, "is that the entire handling of the food grains, right from receiving at Base Depots, cleaning and drying as well as storage and transportation to field depots is carried out in bulk form, thus minimizing the losses. These units are notified procurement centers of FCI, where farmers deliver their produce directly in bulk form."

The company "handles 5,75,000 MT of food grain for FCI in the states of Punjab, Haryana, Tamilnadu, Karnataka, Maharashtra and West Bengal. Another 3,00,000 MT of food grain is handled for Govt. of Madhya Pradesh. Additionally, AALL has expanded its footprints in Bihar, UP, Punjab, Haryana, Maharashtra & Gujarat with upcoming capacity of 4,00,000 MT."





NATIONAL FOOD SECURITY AT RISK

Dhar is concerned that this might eventually lead to a situation where the food grains meant for PDS will be diverted away for sale in the market. "Slowly the government intends to stop procuring anything and kill the PDS, and then the entire agricultural produce will be in the hands of the traders who will cater to the market."

But, he adds, "only a small portion of Indians can afford the food grains at market price. So, the domestic demand will inevitably be very low, and there will always be surpluses... Export then becomes the only option to profitably sell the foodgrains acquired."

"It is becoming increasingly clear that the intention behind the farm bills is to shift the orientation of Indian agriculture from the purpose of ensuring domestic food security and livelihoods of small farmers to the primary purpose of exporting," Dhar argues.

He further clarifies that while India had been exporting in large quantities commodities like tea and spices, it has not been a major exporter of food grains (or cereals), with the exception of special varieties like Basmati rice.

"We were not exporting common varieties of rice, which receive subsidies, unlike basmati. Wheat was exported only in case of bumper harvests to get rid of the excess. But export of foodgrains was never a part of our agrarian strategy. The strategic end of agriculture was to ensure food security and livelihoods of small farmers. And it was only on these grounds that we could defend in the WTO our subsidies for foodgrains and relatively higher tariffs on agricultural imports."





Dhar, who used to negotiate on behalf of the Indian government at the WTO, warns that "if we get into the business of exporting food grains and start competing with the US and Europe in the international market, their producers and traders will protest subsidies for our produce. Protections for our domestic market will also have to be dismantled.."

Once this happens, food grains from western countries, cultivated with heavy subsidies, is bound to flood the Indian market with little tariffs standing its way. Food grains produced by Indian farmers will be elbowed out of the market as a result.

"For a very long time", Prof. Prabhat Patnaik said in an interview¹⁵, "advanced capitalist countries have been telling third-world countries.. you stop growing food grains or you divert land from foodgrains to various cash crops and export crops which we need. And, as far as food grains are concerned, we are going to sell the food grains to you."

India, which had gotten out of this trap of import-dependence for food after the green revolution, is at the risk of relapsing back again. This would make "the country extremely vulnerable to pressures from the advanced capitalist countries", he said, warning about the dire consequences this would have on its very sovereignty.

An awareness of the secular nature of the threat posed by these laws has permeated the cross-section of India's farming community, across the class and caste divide in the highly differentiated Indian peasantry. This is reflected in the class and caste composition of the participants in the ongoing protests that have mobilized hundreds of thousands across the country against these laws.

The massive support pouring in for the protest movement from working class unions and the middle-class professionals have further strengthened the movement, foiling the attempts of the far-right BJP government to disrupt the joint struggle by inciting religious sectarianism.

Having successfully mounted enough pressure to force the Supreme Court to take note of the discontent and order a temporary stay on the implementation of these laws, the farmer's protest movement has proven to be the greatest ever challenge posed to Narendra Modi's government in power since 2014, and holds much promise of evolving into a country-wide people's movement.

ENDNOTES

- 1 High Level Expert Group on Agriculture. (2020). *"Growing India's agricultural Exports through crop-specific, state-led plans"*. Submission to the XV Finance Commission. Government of India. https://pncomindia.nic.in/writereaddata/html_en_ples/Pncom15/StudyReports/HLEG%20Report_Agriculture_vF.pdf
- 2 Interview with Professor Sukhpal Singh on November 4, 2020
- 3 Sainath, P. (2020). "Did You Think the New Laws Were Only About the Farmers?". *The Wire*. 9 December. <https://thewire.in/rights/farm-laws-legal-rights-constitution>
- 4 Interview with Professor Vikas Rawal on November 4, 2020
- 5 Interview with Professor R Ramakumar on November 5, 2020
- 6 Conference was hosted by Delhi Solidarity Group on November 28, 2020. <https://www.facebook.com/delhisolidaritygroup/videos/501010100861477>
- 7 The case of Kerala not adopting APMC is not comparable to that of Bihar where the APMC Act was scrapped in order to liberalise the agricultural market. Kerala never had a need for APMC because it is not a major producer of food crops, relying mostly on import of food grains from other surplus producing states. Buy and sale of cash crops such as spices, which are grown in surplus in Kerala, are regulated under separate commodity boards established by the state government. See <https://frontline.thehindu.com/cover-story/cooperatives-against-corporates/article32757669.ece>
- 8 Interview with Professor Biswajit Dhar on November 13, 2020.
- 9 Interview with Kavita Kuruganthi on November 13, 2020.
- 10 Padmanabhan, Vishnu. (2018). "The land challenge underlying India's farm crisis". *Mint*. 15 October. <https://www.livemint.com/Politics/SOG43o5ypqO13j0QBaaW/The-land-challenge-underlying-Indias-farm-crisis.html>
- 11 Interview with Nandini Chami on November 15, 2020
- 12 Press release dated September 22, 2020. <https://pib.gov.in/PressReleasePage.aspx?PRID=1657657>
- 13 Sivaraman, Madhu. (2016). *Government's Role in India's Ailing Cold Storage Sector*. Centre for Public Policy Research. <https://www.cppr.in/wp-content/uploads/2016/12/Government%E2%80%99s-Role-in-India%E2%80%99s-Ailing-Cold-Storage-Sector.pdf>
- 14 <https://www.newsclick.in/abandoning-self-sufficiency-foodgrains-disastrous-policy> See the section under Silos storage. <https://www.adaniagrilogistics.com/silo-storage>
- 15 Newsclick. (2020). "Abandoning Self Sufficiency in Foodgrains Is Disastrous Policy". September 28. <https://www.newsclick.in/abandoning-self-sufficiency-foodgrains-disastrous-policy>



FOCUS ON THE GLOBAL SOUTH

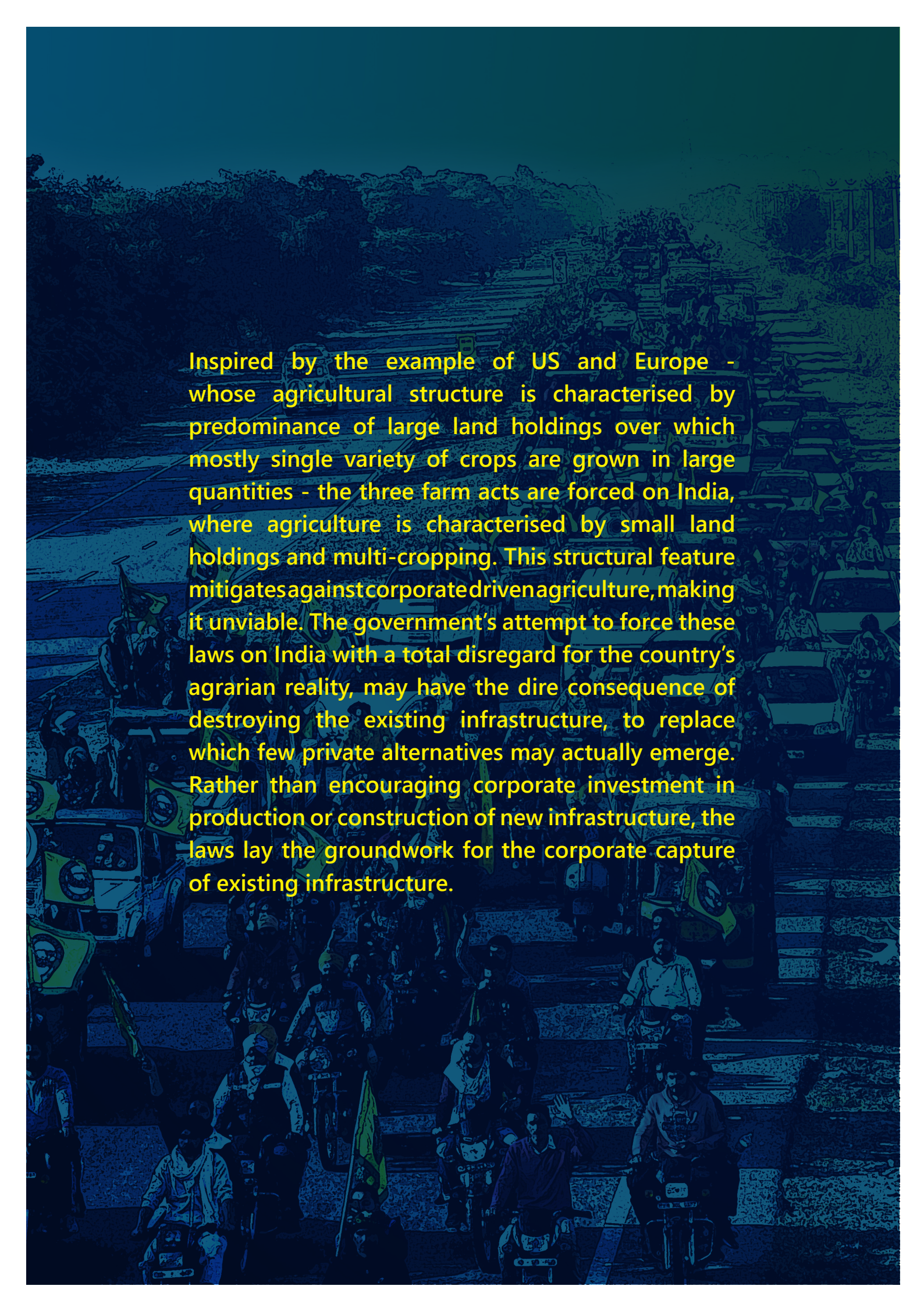
Focus on the Global South is an Asia-based regional think tank that conducts research and policy analysis on the political economy of trade and development, democracy and people's alternatives. It works in national, regional and international coalitions with peoples' movements and civil society organisations and has offices in New Delhi, Manila, Phnom Penh and Bangkok.



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ROSA LUXEMBURG STIFTUNG (RLS)

The Rosa Luxemburg Stiftung (RLS) is a Germany-based foundation working in South Asia as in other parts of the world on the subjects of critical social analysis and civic education. It promotes a sovereign, socialist, secular and democratic social order, and aims to present alternative approaches to society and decision-makers. Research organisations, groups for self-emancipation and social activists are supported in their initiatives to develop models which have the potential to deliver greater social and economic justice.

A large crowd of people, many on motorcycles and bicycles, are blocking a road. In the foreground, a yellow tractor is visible. The scene appears to be a protest or a demonstration. The background shows a line of trees and a clear sky.

Inspired by the example of US and Europe - whose agricultural structure is characterised by predominance of large land holdings over which mostly single variety of crops are grown in large quantities - the three farm acts are forced on India, where agriculture is characterised by small land holdings and multi-cropping. This structural feature mitigates against corporate driven agriculture, making it unviable. The government's attempt to force these laws on India with a total disregard for the country's agrarian reality, may have the dire consequence of destroying the existing infrastructure, to replace which few private alternatives may actually emerge. Rather than encouraging corporate investment in production or construction of new infrastructure, the laws lay the groundwork for the corporate capture of existing infrastructure.