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## Recent Economic Reforms and Important Bills to Boost Agriculture Produce in India

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### Abstract:

*India is the country of farmers. Farming in India is so important that some half of the GDP is being contributed by agriculture and its allied sector. Recently government introduced farm bills for the improvement in farm sector and enhancing the farm income. This paper is primarily focuses on the Reforms through Farm Bills in India. It is found that even raising concerns by various farmer unions and organisations, these are holistic in nature and if implemented in letter and spirit then Indian Agriculture will grow rapidly and Farmer Income are sure to increase. It is found that the success of agricultural reforms in India has been mixed. Some reforms have been successful in improving productivity, efficiency, and market access. However, other reforms have been less successful, and some have even had negative consequences.*

Key Words: *Farm, Farm Lands, Economic Reforms, Agricultural Produce*

Traditionally, India is an Agrarian Economy. In India, Agricultural activities contribute about 50% of the GDP of economy. It includes growing and selling of crops, poultry, fishing, cattle rearing, and animal husbandry. People earn their livelihood by involving themselves in many of these activities. These activities are vital to our economy. The Indian economy has seen major growth in the last few decades. The credit for this boom largely goes to the service sector. Agriculture and associated activities have also been improvised to match the global standards and the export of various food products has seen an upward trend thereby adding to the economic growth. The industrial sector does not lag behind a bit. A number of new large scale, as well as small scale industries, have been set up in recent times and these have also proved to have a positive impact on the Indian economy. Agricultural reforms in India are the changes made to the agricultural sector of the Indian economy. These reforms have been implemented over the years in an attempt to improve productivity, efficiency, and market access. They have also been aimed at addressing social and environmental concerns.

### Literature Review:

Ahluwalia, Montek, S. 2002. "Economic Reforms in India Since 1991: Has Gradualism Worked?" found that the causes of India's growth deceleration vary. World economic growth was slower in the second half of the 1990s, and that would have had some dampening effect, but India's dependence on the world economy is not large enough for this to account for the slowdown. Critics of liberalization have blamed the slowdown on the effect of trade policy reforms on domestic industry. However, the opposite view is that the slowdown is due not to the effects of reforms, but rather to the failure to implement the reforms effectively. He further asserted that this in turn is often attributed to India's gradualist approach to reform, which has meant a frustratingly slow pace of

implementation. However, even a gradualist pace should be able to achieve significant policy changes over ten years. This paper examined India's experience with gradualist reforms from this perspective.

Birner, R., & Resnick, D. (2010). In their scholarly work “The political economy of policies for smallholder agriculture” asserted that as the experience of the 20th century has shown, implementing policies that increase agricultural productivity among smallholders is a particularly promising strategy to achieve pro-poor growth. However, history also reveals major political challenges to adopting this strategy. The paper compares the experience of Asian countries that were able to launch a smallholder-based Green Revolution with the experience of African countries that are still struggling with this goal. It then reviews the political economy literature to identify the factors that account for these divergent experiences. Finally, the paper develops a conceptual framework to guide empirical research to close the knowledge gaps identified by the review.

Kotwal, A., Ramaswami, B., & Wadhwa, W. (2011) asserted in a research study, “Economic liberalization and Indian economic growth: What's the evidence?”, that India's growth and poverty performance over the last three decades has been a subject of great curiosity. Unlike the East Asian countries, India's growth spurt is not associated with exceptionally high domestic savings or foreign capital inflows or manufacturing exports. This research found the answers to the questions as what triggered the change in the growth trajectory? Did the market liberalization policies of the 1990s help? How have the initial conditions shaped the process? and how has the "Indian model" impinged on India's central problem of mass poverty? This paper surveyed the literature and offers its own assessment of the drivers of change.

Tripathi, A. K. (2012) wrote in “Agricultural price policy, output, and farm profitability—examining linkages during post-reform period in India”, that the formulation of agricultural price policy is complicated by the multiplicity of functions that price performs. The objectives, thrust, and instruments of agricultural price policy in India have undergone conspicuous shifts during the past 50 years and so has the role and effectiveness of price policy as a tool to influence the agricultural economy. The country's post-reform period witnessed higher emphasis and dependence on price policy compared with previous decades, where price policy aimed only at maintaining a balance between the interests of consumers and producers. It is in this context that the paper examines the effectiveness of procurement prices in getting sufficient income to the farmers. An in-depth analysis of costs and returns was conducted for wheat and paddy, the crops offered the highest protection by the state, to get idea of the profitability of Indian agriculture and gain insights into the workings of the price policy.

Alston, J. M., & Pardey, P. G. (2014) in “Agriculture in the global economy” found that in the past 50-100 years had witnessed dramatic changes in agricultural production and productivity, driven to a great extent by public and private investments in agricultural research, with profound implications especially for the world's poor. In this article, we first discuss how the high-income countries like the United States represent a declining share of global agricultural output while middle-income countries like China, India, Brazil, and Indonesia represent a rising share. We then look at the differing patterns of agricultural inputs across countries and the divergent productivity paths taken by their agricultural sectors. Next we examine productivity more closely and the evidence that the global rate of agricultural productivity growth is declining—with potentially serious prospects for the

price and availability of food for the poorest people in the world. Finally we consider patterns of agricultural research and development efforts.

Bezbaruah, M. P., & Khan, F. M. (2020), in their paper “MSP, Agricultural Reforms and the Farm Bills. *Dialogue*” asserted that in 1980s some adverse effects of the Green Revolution and its supporting system started to surface (Bidwai 1988). The input subsidies combined with free electricity supply induced overuse of agro-chemicals and ground water leading to resource degradation and depletion in the longer run. For sustainable use of natural resources and environmental services, it was necessary to gradually phase out such subsidies. However, even as India embarked upon a broad based economic reform in 1991 the subsidy reform in agriculture could not be taken forward much, as farmers especially in the Green Revolution areas of Punjab, Haryana and Western Uttar Pradesh in the meantime became politically powerful and would not accept any reduction of the private benefit they had been receiving (Misra and Chand 1995). Indeed these farmers often demanded hiking of procurement prices and quite often manage to secure raises which were not entirely justified on the ground of cost and efficiency.

Lele, U., & Goswami, S. (2020) in their research publication “Agricultural policy reforms: Roles of markets and states in China and India” found that market reforms have been given much of the credit for China's spectacular growth performance. This paper looked at China's reform process systematically, along with India's, and argued that the Chinese state had played a key role in transforming China into a modern economic state, deploying unlimited supplies of labor and combining it with a variety of initiatives in a pragmatic, non-ideological way to promote public and private investment and create productive employment in agricultural, manufacturing, and service sectors. It further revealed that in contrast, India's reforms had been sporadic and were still a work in progress. It suggested that the record-breaking expansion of China's financial system in fostering investments was initially overlooked, but has attracted considerable attention in recent years.

Bisht, I. S., Rana, J. C., & Pal Ahlawat, S. (2020) published a research work, “The future of smallholder farming in India: Some sustainability considerations”. They found that the biodiverse, predominantly crop-livestock mixed-farming in India was a key to ensuring resilience to climate change and sustainability of small holder farming agro-ecologies. Farmers traditionally grow diverse crops as poly-culture, and agriculture was mainly organic/biodynamic with spirituality in food systems deeply ingrained. Job-driven out-migration of rural youths, the family labor force, and globalization of contemporary food choices under corporate industrial agriculture both adversely affected sustainability of traditional farming landscapes and compromise the nutrition and health of rural farming communities. Besides documenting information on general agri-food system policy inputs, our paper presents the results of an exploratory study of four crucial community-level initiatives conducted in four distinct agro-ecological landscapes of India, aimed at bringing sustainability to traditional farming and food systems. The driving force for fundamental change in agri-food system, and in society, is the question of sustainability. The organic and local food movements were but specific phases of the larger, more fundamental sustainable agri-food movement. While it is very critical to increase farmer livelihood, it is even more important to increase overall rural economy. It was found that four important interventions viz. linking organic agriculture to community-supported agriculture (CSA) initiatives; linking small-holder farming to school meal (MDM) programmes; enhanced market access and value chain development for local agricultural produce; and creation of employment opportunities at community level for rural youths and reducing over-

dependence of rural population on agriculture as source of income can make traditional farming more profitable and sustainable agriculture.

### **The Reforms:**

Some of the main agricultural reforms that have been implemented in India include:

1. **Land reforms:** These reforms aim to change the way land is owned and used in India. They have included redistributing land from large landowners to small farmers, and they have also included changing the rules about who can own land.
2. **Market reforms:** These reforms aim to make agricultural markets in India more efficient. They have included removing price controls, and they have also included opening up agricultural markets to foreign competition.
3. **Technological reforms:** These reforms aim to introduce new technologies to the agricultural sector in India. They have included the development of new seeds, fertilizers, or pesticides, and they have also included the adoption of new farming practices.
4. **Institutional reforms:** These reforms aim to improve the way that agricultural policies are made and implemented in India. They have included strengthening the role of agricultural research and extension services, and they have also included improving the governance of agricultural markets.

The Indian government has introduced a number of agricultural reforms in recent years, with the aim of making the agricultural sector more competitive and efficient. These reforms are expected to have a positive impact on agriculture in India, by increasing production, reducing prices, and improving the lives of farmers. Following are some of the latest reforms:

1. Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020,
2. Essential Commodities Act, 2020, and the
3. Electricity (Amendment) Act, 2020.

### **1. Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020**

The Main Contents of this Act are as under:

- a. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 allows intra-state and inter-state trade of farmers' produce beyond the physical premises of APMC markets. State governments are prohibited from levying any market fee, cess or levy outside APMC areas.
- b. The Farmers Agreement Ordinance creates a framework for contract farming through an agreement between a farmer and a buyer prior to the production or rearing of any farm produce. It provides for a three-level dispute settlement mechanism: the conciliation board, Sub-Divisional Magistrate and Appellate Authority.

- c. The Essential Commodities (Amendment) Ordinance, 2020 allows the central government to regulate the supply of certain food items only under extraordinary circumstances (such as war and famine). Stock limits may be imposed on agricultural produce only if there is a steep price rise.

It is found from the study that the three Ordinances aim to increase the availability of buyers for farmers' produce, by allowing them to trade freely without any license or stock limit, so that an increase in competition among them results in better prices for farmers.

While the Ordinances aim to liberalise trade and increase the number of buyers, de-regulation alone may not be sufficient to attract more buyers.

## **2. Essential Commodities Act, 2020**

### **The Main Contents of this Act are as under:**

- a. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 allows intra-state and inter-state trade of farmers' produce beyond the physical premises of APMC markets. State governments are prohibited from levying any market fee, cess or levy outside APMC areas.
- b. The Farmers Agreement Ordinance creates a framework for contract farming through an agreement between a farmer and a buyer prior to the production or rearing of any farm produce. It provides for a three-level dispute settlement mechanism: the conciliation board, Sub-Divisional Magistrate and Appellate Authority.
- c. The Essential Commodities (Amendment) Ordinance, 2020 allows the central government to regulate the supply of certain food items only under extraordinary circumstances (such as war and famine). Stock limits may be imposed on agricultural produce only if there is a steep price rise.

### **The Key Issues and Analysis:**

- a. The three Ordinances aim to increase the availability of buyers for farmers' produce, by allowing them to trade freely without any license or stock limit, so that an increase in competition among them results in better prices for farmers. While the Ordinances aim to liberalise trade and increase the number of buyers, de-regulation alone may not be sufficient to attract more buyers.
- b. The Standing Committee on Agriculture (2018-19) noted that availability of a transparent, easily accessible, and efficient marketing platform is a pre-requisite to ensure remunerative prices for farmers. Most farmers lack access to government procurement facilities and APMC markets. It noted that small rural markets can emerge as a viable alternative for agricultural marketing if they are provided with adequate infrastructure facilities.
- c. The Standing Committee also recommended that the Gramin Agricultural Markets scheme (which aims to improve infrastructure and civic facilities in

22,000 Gram in Haats across the country) should be made a fully funded central scheme and scaled to ensure presence of a Haat in each panchayat of the country.

### **3.Electricity (Amendment) Act, 2020.**

#### **The Main Contents of this Act are as under:**

- a. The Bill provides for the constitution of Electricity Contract Enforcement Authority (ECEA). The ECEA will have sole authority to adjudicate upon specified contract-related disputes in the electricity sector.
- b. A common selection committee will be constituted to select the chairperson and members of the Appellate Tribunal (APTEL), the central and state regulatory commissions (CERC, SERCs), and ECEA.
- c. Currently, SERCs are required to specify regulations to progressively reduce cross-subsidy. The Bill requires them to adhere to the National Electricity Tariff Policy while determining the cross-subsidy.
- d. Government subsidy will not be accounted for while determining the tariff. Such subsidy will be provided directly to consumers.
- e. The Bill adds that a franchisee will be authorised with the information given to the SERC. The Bill provides for a new entity called Distribution Sub-licensee. A distribution licensee can authorise a sub-licensee to distribute electricity on its behalf with the prior permission of the SERC.
- f. State and regional load despatch centres will not schedule or despatch electricity if the distribution licensee has not provided adequate payment security, as agreed in the contract. The Bill empowers the central government to notify a National Renewable Energy Policy in consultation with state governments and prescribe minimum renewable and hydro purchase obligation.

#### **The Key Issues and Analysis:**

- a. The proposed common selection committee will have chief secretaries of two states as members, by rotation. A concerned state may not have a representative in the committee when recommending appointments to its SERC. The question is whether this undermines a state's powers to appoint its regulator.
- b. The proposed selection committee will also recommend appointments to the Appellate Tribunal. The composition of the proposed selection committee is contrary to the principles laid out by the Supreme Court to safeguard the independence of tribunals. The Draft Bill requires the SERCs to adhere to the National Electricity Tariff Policy for determining cross-subsidy. The question is whether matters of cross-subsidy should be determined by a uniform National Policy or continue to be determined by the SERCs.
- c. A distribution licensee can authorise a franchisee as well as a distribution sub-licensee to distribute electricity on its behalf. There is a need for clarity on the role of a franchisee and a distribution sub-licensee.

## Conclusion

The Indian economy undergoes several positive changes since independence. It is growing at a good pace. However, the rural regions of our country are still under-developed. The government must make efforts to improve the economic condition of these areas.

Majority of the working Indian population was and is still engaged in the agriculture sector. Growing crops, fishing, poultry and animal husbandry were among the tasks undertaken by them. They manufactured handicraft items that were losing their charm with the introduction of the industrial goods. The demand for these goods began to decline. The agricultural activities also did not pay enough.

The government identified these problems as hindering the economic growth of the country and established policies to curb them. Promotion of cottage industry, providing fair wages to the laborers and providing enough means of livelihood to the people were some of the policies laid by the government for the country's economic growth.

All of these three acts enacted by the govt of India are practically very good and will ensure the increase in the income of the farmers and will boost the chances of agriculture sector to grow faster.

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