

Release of the Report of the Supreme Court Committee on Farm Laws

21 March 2022

High level extracts from the Report for the media

Terms of reference

A three-member bench of the Hon'ble Supreme Court of India, comprising of Hon'ble Chief Justice of India Shri Sharad Arvind Bobde, Hon'ble Mr. Justice A.S. Bopanna and Hon'ble Mr. Justice V. Ramasubramanian, having heard different perspectives, passed an interim order dated 12th January 2021 (Annexure-II) stating the following: (i) The implementation of the three farm laws.... shall stand stayed until further orders; (ii) As a consequence, the Minimum Support Price System in existence before the enactment of the Farm Laws shall be maintained until further orders. In addition, the farmers' land holdings shall be protected, i.e., no farmer shall be dispossessed or deprived of his title as a result of any action taken under the Farm Laws. (iii) A Committee comprising of (1) Shri Bhupinder Singh Mann, National President, Bhartiya Kisan Union and All India Kisan Coordination Committee; (2) Dr. Pramod Kumar Joshi, Agricultural Economist, Former Director for South Asia, International Food Policy Research Institute; (3) Dr. Ashok Gulati, Agricultural Economist and Former Chairman of the Commission for Agricultural Costs and Prices; and (4) Shri Anil Ghanwat, President, Shetkari Sanghatana, is constituted for the purpose of listening to the grievances of the farmers relating to the farm laws and the views of the Government and to make recommendationsThe representatives of all the farmers' bodies, whether they are holding a protest or not and whether they support or oppose the laws shall participate in the deliberations of the Committee and put forth their view points. The Committee shall, upon hearing the Government as well as the representatives of the farmers' bodies, and other stakeholders, submit a Report before this Court containing its recommendations. This shall be done within two months from the date of its first sitting. The first sitting shall be held within ten days from today."

Committee actions and submissions

The Committee, extended invitation to 266 farmer organizations, including the ones agitating at the periphery of Delhi

The Committee interacted directly with 73 Farmer Organizations, either through video conferencing or physically. These Farmer Organizations represented more than 3.83 crore farmers.

[O]f these 73 Farmer Organizations, 61 Farmer Organizations, representing 3.3 crore farmers, fully supported the Acts — a majority constituting 85.7 percent of the total farmers. But 4 Farmers Organizations, representing 51 lakh farmers (13.3 percent), did not support the Act. Another 7 Farmer Organizations, representing 3.6 lakh farmers (1 percent) supported the Acts with some suggestions for modifications. 1 Farmer Organization, representing 500 farmers, was not clear on the implications of the Farm Laws.

[T]he agitating farmers' organizations at the periphery of Delhi did not join the discussions with the Committee despite repeated invites sent to them. The Committee was informed that the organizations were not willing to present before the Committee and preferred bilateral discussions with the Government. The Committee respects their decision of not participating in its deliberations. However, their concerns, as ascertained from media reports and interactions with Government, have been kept in mind by the Committee, while formulating its recommendations.

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General observations

Several farm leaders, most notably Late Shri Sharad Joshi, have been in the forefront to demand freedom for farmers to market their produce.

These Farm Laws endeavor to create an ecosystem to facilitate private investments in well-oiled supply chains to cut down logistics, add value and reduce food losses.

[T]he policies designed for scarcity eras were focused on boosting production. However, as the country has transformed from a food scarce to food surplus, the policies need to integrate production with effective access to markets. The recent three Acts passed by the central Government are intended to align the agricultural policies with the structural requirements of the sector for enhanced access to agricultural markets and incentivize crop diversification

BROAD RECOMMENDATIONS

- (i) A repeal or a long suspension of these Farm Laws would be unfair to the 'silent' majority who support the Farm Laws.
- (ii) States maybe allowed some flexibility in implementation and design of the Laws, with the prior approval of the Centre, so that the basic spirit of these Laws for promoting effective competition in agricultural markets and creation of 'one nation, one market' is not violated.
- (iii) Alternative mechanisms for dispute settlement, via Civil courts or arbitration mechanism, may be provided to the stakeholders.
- (iv) The Government should take urgent steps towards strengthening agricultural infrastructure; enabling aggregation, assaying and quality sorting of agri produce through cooperatives and Farmer Producer Organizations (FPOs), and closer interaction between farmers and warehouses/processors/exporters/retailers/bulk buyers.
- (v) An Agriculture Marketing Council, under the chairpersonship of Union Minister of Agriculture, with all States and UTs as members may be fainted on lines of the GST Council to reinforce cooperative efforts to monitor and streamline the implementation of these Acts.
- (vi) A large-scale communication exercise needs to be taken up by the Government to alleviate the apprehensions, doubts, and concerns of rest of stakeholders.

HIGHLIGHTS OF OTHER RECOMMENDATIONS AND OBSERVATIONS

APMCs

The feedback received by the Committee shows that only 42.3 percent of farmer respondents sell their produce through APMC mandis - and it is concentrated mostly in the States of Punjab and Haryana where more than 70 percent respondents sell in APMC mandis.

The analysis by the Committee also corroborates that the majority of the transactions in the agricultural sector take place outside the mandi system.

Over a period of time, ... APMC mandis became prey to oligopolistic structures with high commissions and rent-seeking.

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Around two-thirds of the respondents felt that the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 would give more choice to the farmers beyond the APMC mandis and would enable farmers to get a better price for their produce.

Agreements

Around 58.2 percent of the respondents felt that there is no risk of acquisition of land by the corporate sector under the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020. However, 28.7 percent of the respondents were unsure about this clause while 13 percent said that there was a risk of land acquisition.

ECA

When stock limits are imposed, the prices crash even below the cost of production leading to losses to the farmers.

The Government should ... consider in favour of completely abolishing the ECA Act, 1995 or take steps to substantially liberalize its provisions.

FCI and MSP

MSPs were designed to be indicative prices for producers at the beginning of the sowing season and floor prices as an insurance mechanism for farmers from any fall in prices. However, the secular increasing trend in these prices have served to give a signal to farmers to opt for the crops which have an assured procurement system.

The economic cost of FCI for acquiring, storing and distributing foodgrains is about 40 percent more than the procurement price — an addition of around Rs 1200 per quintal for rice and Rs 800 per quintal for wheat!

Excessive procurement beyond PDS requirements has not only led to wasteful locking of precious money but also led to various negative environmental externalities including depletion of the most precious water resources of the country in North Western part of India.

The demand for legalizing the MSP is not based on sound logic and is infeasible to implement.

(i) The MSP and procurement support policy, as was designed for cereals during the Green Revolution time, needs to be revisited given that huge surpluses of wheat and rice have emerged.