Many Kinds of Farm Protests Evolving

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The Long Cable January 15th 2021
https://www.theindiacable.com/p/the-india-cable-many-kinds-of-farm

The protests are responses to long-term structural problems and immediate policy spasms. More than one kind of agrarian protest is also unfolding at the same time.

Structural problems:
Indian agriculture has turned out not just to be differentiated but also surprisingly miniaturised: 86% of holdings are below 2 ha, with soils degraded by chemicalised production techniques and with water unreliable and increasingly costly. It's hard to maintain farm expenditure without help from wages, remittances and self-employment. Agriculture is growing in a mediocre way (though 2020 was an exception); it is rapidly dwindling as a proportion of GDP, vanishing from macro-economic policy, but remains a massive and vital sponge for absorbing surplus labour. Real agricultural wages are stagnating, landlessness is increasing, and debt intensifies. Public expenditure in agriculture is declining and village level infrastructure is underdeveloped. Agriculture has become labelled for policy as a welfare sector.

Enter a GoI announcement in 2016 that farm incomes will double by 2022 - that's now in 11 months' time. The meagre existing evidence suggests farm incomes are growing at a fifth of the rate needed to achieve that, and patchy cash transfer

[1] Personal alert: Jan 14th 2021: I am on day 299 of lockdown confinement in Oxford watching India at a moment when after some 50 days of demonstrations the Supreme Court has made two extraordinary decisions – to stay the Farm Bills for 2 months, and to appoint a committee to listen to all stakeholders and make recommendations - although it has already decided to recommend that very young, elderly and women farmers go home. I depend for my understanding on zoom meetings, on research literature and on Indian media reports in English.

programmes are too small to make a difference. Real costs are rising, whereas the prices for farmers' produce, which compete with subsidised global ones, are volatile. And farmers with small consignments of surplus are forced to be price takers. But, buried in the averages of the official data are the 'masters of the countryside' whose fortunes tell a different story: a cash-cropping elite, the 6 % who have over 10 ha, who can generally ride out post-harvest price slumps, and who dominate cash inputs and credit, hire wage-labour, profit from this 'welfare sector', and also move between agriculture and trade where they operate as wholesalers/commission agents and processors.

This simplified outline already suggests not one but five crises involving agricultural markets – a crisis of farm wages confronting rising food prices, a crisis of low returns to production, a crisis of competition in the existing post-harvest market system - with an altogether new scale of commercial corporate capital posing a crisis on the horizon; and a likely broken promise by Modi sarkar to double farm incomes.

Seventy per cent of India's harvests are marketed, usually in villages, mostly to private traders often doubling as money-lenders. Throughout India, local private mercantile oligopolies tend to co-exist with large numbers of small traders. The states' APMCs – 7000 regulated market sites - date from 1960s laws to improve farmers' first transactions. If well implemented they democratise auctions and their fees are recycled into market infrastructure. But APMCs have been patchily implemented and are often avoided. Many grow weeds, or are the site of cash sales to non-local traders, or are penetrated by un-transparent customary practices, or are cartelised by locally big capital. Yet despite or because of APMCs India has long had a national agricultural market - even if it's also not perfectly integrated.

In the NW states and parts of UP and MP however, cash crops of grain are purchased at the MSP by the FCI via commission agents in regulated markets/APMCs. While strategically important for the PDS, this arrangement is unusual. The PDS is based on the opposite principle from that of the APMCs in which private markets just need light-touch regulation of farmers' first transactions. Instead they need direct public control of the entire distribution system for social purposes.

The Farm Acts:

Enter the three Farm Laws like three claps of thunder, consistent with the PM's style of politics. Grounded in a critique of regulated markets as monopolies full of malpractices, hailed as freeing sales, contracts and storage, they have triggered long-running demonstrations against them by coalitions of farmers unions, fervent debates among economists, and a surge of less noticed lobbying by agricultural and commercial interests that are strongly in favour of them.

Implications of the Farmers' Protests:

The well-organised protests are an eruption of half a million members of a large number of unions and more or less federated associations. They have excited international notice for their articulacy. They predict intensifying inequalities of power, no limit to traders' hoarding, contract farming controlled by a new scale of private trade. Fearing the dismantling of the PDS, they are campaigning to generalise its MSP at the Swaminathan Commission rates of full costs plus 50% - which wouldn't double farm incomes but would move towards it. The farmers have also campaigned against the revenue losses from weakening APMCs, and what they experience as procedural irregularities: lack of recorded consultation, flouting of parliamentary procedure and an unconstitutional seizure of state power by the centre.

Some farmers also protest against the Electricity Amendment Bill which seeks to centralise the regulation, privatisation and management of subsidies in electricity so vital for their irrigation. Other unions have had private meetings with the Minister of Agriculture, some supporting the government amendments.

So these protests invite a 'divide and rule' political response. With a few notable exceptions, farm labourers, who have a high stake in food price stability, and interests at variance with the labour reforms that are already assaulting their work conditions and safety, and which are being pushed through simultaneously, hardly figure in the protest. They have already been divided, ruled and marginalised.

Implications of the Economists' Debates:

India's agricultural markets have even lower status than does agriculture, and so are vulnerable to theory-based assumptions, hearsay and a dialogue of the more or less deaf.

One group of international economists stresses – in the absence of production reforms - the impact of market reforms on politically sensitive farm incomes. They argue that removing inefficiencies of agricultural markets will increase the producers' share of the consumers' Rupee. Contract and cluster farming incentivise healthy competition: economies of scale follow. Asking private traders to buy at state-administered prices is an elementary economic error. As for the complaint that there has been no consultation, they point to the papers of three commissions over the last two decades.

Another group of senior agricultural economists argue from field experience that the Farm Acts will legalise unregulated areas of trade, emasculate rather than strengthen APMCs, are unlikely to incentivise private investment in village-level infrastructure, will deprive states of development revenue, will centralise state powers and legitimise making the first transaction even more unequal. Meanwhile e-nam, which is not inter-operable, has done nothing but fragment the national market it was supposed to create.

A third well publicised group of economists debates the impact of the MSP and the PDS on poor states, poor farmers and poor consumers and welcomes or denounces the threat of its destruction.

A fourth set advising big business sees the protests as led by traders from Punjab defending their interests. Agricultural markets are crowded with excessive middlemen, incurring high costs of intermediation exacerbated by chicanery, cheating, and arbitrary exactions and neglectful of high levels of waste. These economists think that a new scale of capital enabled by the Farm Laws will sweep away these problems by replacing the markets with producer organisations on contract to agri-business and linked to agri-tech start-ups and AI.

Farm Law Supporters:

Powerful interests across the board welcome the Farm Laws.

FICCI and CII, rattled by the blockages to export supply chains caused by protesters, both approve of what they see as new scales of integrated value addition and quality control, the removal of irksome barriers to the entry of big capital and the already proliferating hi-tech market platforms. Assocham appreciates the rise which the Law is predicted to lead to in inward FDI in agri-commerce.

Farmers' organisations such as the AIKCC, representing farmers' organisations in 10 states, see the reforms as making agriculture more competitive and also levelling the playing field between private trade and the state. For FAIFA tobacco farmers in central and southern India, the Farm Acts are visionary and farm-centric; they will enable farmers to take control of trading processes. FAIFA also expects an influx of private investment in infrastructure.

The threat to intermediate trading classes from big agri-business is countered, in their view, by the prospect of being recruited as agents for corporates. Meanwhile the global grain oligopoly of Cargill Bunge etc works in the background, backed by the WTO and management consultants who dislike India's PDS subsidies.

Conclusion:
For the first time in 70 years agricultural markets are bubbling in a political cauldron. This cauldron intensifies the struggles over the growth linkages from agriculture, it does not solve the crises of agricultural income, the future of the MSP or the abysmal level of agricultural wages. After 8 rounds of negotiations, and a list of government amendments, the protesting farmers, have rejected the Acts, and demand their repeal.

Even though court-appointed committees have proved weak in the past, it is likely that supporters of the farm law will prevail because the committee appointed by the Supreme Court to listen and advise has an unsullied track record in favour of these laws. 'This is a 1991 moment for agriculture' proclaims Ashok Gulati, referring to the year of neo-liberal reforms, while an outside expert detractor calls it a face-saving committee for the government and one member has already recused himself due to conflicts of interest. The committee has no brief to advise on constitutionality or to mediate. It has been dismissed by farmers whose trust in the government has ebbed. Whatever the merits of the arguments, the balance of power favours 'Adani-Ambani' - and Mr Modi doesn't do negotiations.

This moment of acute struggle is ripe for a set of open consultations for reforms through which petty commodity producing agriculture is recognised, can be strengthened, made resilient, helped to be less ecologically damaging and to contribute to public distribution. Pretty much the opposite of what is on the table, but that's for another time.

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