Twitter Thread by The Tycoon Mindset



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Farm Bill: EXPLAINED! [ITC Ltd. initiative of E-Chaupal]

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(Blog & a Summarized

Govt. of India recently passed 3 Farm bills relating to Agriculture sector to bring speedy reforms in Agriculture.
To attract more private investments from the big FMCGs like ITC [E-Choupal] and doubling Farmers income by 2022.

1. Farmers' produce Trade & commerce (Promotion and Facilitation Act), 2020.

- This Act allows farmers to sell their crops to any trader not necessarily to APMC. Before farmers used to sell at APMC but now it can sell it to anyone.

- This Act will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agriculture.

- It will also promote barrier free inter-state & intra-state trade and commerce outside the physical premises of market notified under state APLM

Clarifications on this act
- Procurement at MSP will continue. Farmers can even sell to the government.
- Mandi will not stop functioning
- E-NAM will continue.

2: Farmers (Empowerment & Protection) Agreement on Price assurance & farm services Act, 2020

- Mainly focuses on Contract Farming for eg. ITC E-Choupal . As per legislation, "There will be Price Assurance to farmers even before sowing of crops

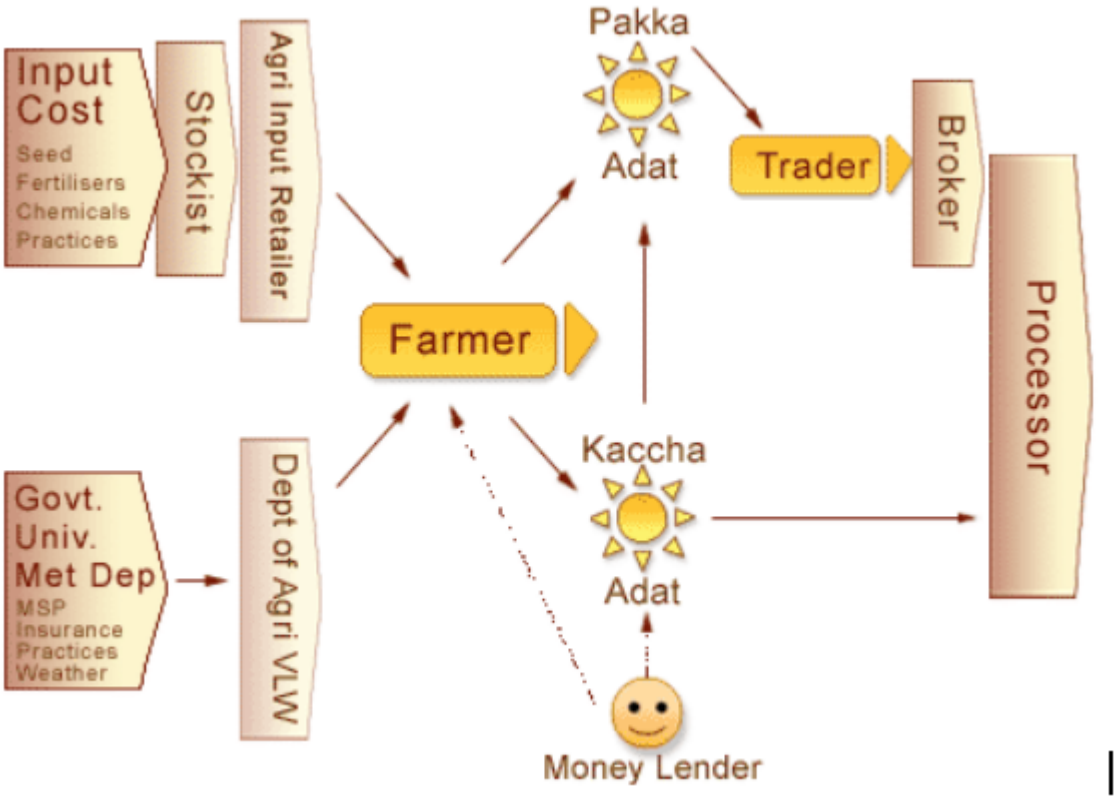
- This Farm bill will transfer the risk of market unpredictability from the farmers which will enable the farmer to access modern technology, better seed and inputs. Thus, will Reduce cost of marketing and improve the income of farmer

- Farmer will have full power in the contract to fix a sale price of his choice. They will receive payment within 3 days.

- There will local dispute redressal mechanism for the solving the issue of farmer.

E- Choupal

- It is the initiative taken by the ITC Ltd which is specifically designed to tackle the challenges posed by the unique features of Indian agriculture, characterized by fragmented farms, weak infrastructure and the involvement of numerous intermediaries, among others



- 'E-Choupal' services today reach out to over 4 million farmers growing a range of crops - soyabean, coffee, wheat, rice, pulses, shrimp - in over 35000 villages through 6100 kiosks across 10 states

- ITC has encountered a lot of problems in setting up and managing E-Choupal which relates to infrastructural inadequacies, including power supply, apart from the challenge of imparting skills to the first time internet users in remote and inaccessible areas of rural India.

- Such challenges are still being faced by Indian agriculture and the farm bill decides to cater these problems by liberalizing agri reforms in order to increase private investments in this sector.

- Other notable initiatives by ITC are
1. ITC Choupal Primary Education and Vocational Training

2. ITC Choupal Women's Empowerment Programme
3. ITC Choupal Livestock Development
4. ITC Choupal Watershed Development Programme
5. ITC Choupal Social & Farm Forestry programme

3: Essential Commodities (amendment) Act 2020

- It is an amendment of the previous EC act with the Provision to remove commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities.

- It Aims to remove fears of private investors of excessive regulatory interference in the business operation

- The freedom to produce will lead to harnessing economies of scale and attract the private sector into agriculture.

Why Agri reforms necessary?

The Farmer are trapped in a vicious cycle of Low risk taking ability>low investment>low productivity>weak market orientation>low margin>low risk taking ability cycle.

It has made the whole sector uncompetitive despite rich natural resources.

Current State of Agriculture sector.

- Productivity of Farmers

In rural areas, agriculture employs 64% of the total workforce and contributes 39% of the total rural net domestic product. This shows over-dependence of the workforce on agriculture.

Table 3.3: Worker productivity in farm and non-farm sectors in rural areas during 2011-12

Sector	Net Domestic Product		Workforce based on Usual Status		Worker productivity (Rs/worker)
	Rs crore	Share (%) in total	Million	Share (%) in total	
Farm	13,40,532	39	215	64	62,235
Non-farm	20,76,198	61	121	36	1,71,587
Total	34,16,730	-	336	-	1,01,567

- Productivity of land

India has two main seasons Rabi and kharif which makes it possible to cultivate two crops a year on the same piece of land. with availability of new irrigation and new technology after the main kharif and after the main Rabi.

Land use statistics show that the second crop takes only 39 % of net sown area, this implies that more than 60% of agricultural land in the country remains unused for half of the productive period.

Lack of access to water and irrigation to meet the crop requirement is said to be the main reason for low crop intensity.

Vision 2022

Doubling farmers income by 2022 implies that the major source of growth within agri sector are
- Improvement in productivity
- Resource use efficiency or saving in cost of production
- Increase in cropping intensity
- Diversification towards high value crops

The recent farm bill can enhance a virtuous cycle of higher productivity, higher income, enlarged capacity for farmer risk management, large private investment and higher quality and productivity.