Twitter Thread by Amrita Bhinder



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#FarmReforms
#FarmBills

Who Is Protesting and Why?

Reforms have proved controversial. In Sept, BBC wondered whether they were a “death warrant” for farmers.

Some worry whether reforms might lead to the end of wholesale markets and guaranteed

Currently, the government offers a minimum support price that acts as a safety net for farmers. Even though the government has promised to retain such a price, farmers fear its withdrawal over time.

There is an added fear that big private players will offer good money to farmers in the beginning, kill off their competition and then pay little for agricultural produce.

Farmers might go from the local monopsonies of APMCs to the national oligopoly of Amazon-like behemoths.

It is important to remember that the government offers price support only for the staple crops of the Green Revolution.

Other crops do not qualify, nor do fruits and vegetables.

Unsurprisingly, the overwhelming number of protesters are farmers from India’s northwest, the region that has benefited most from the old system. In particular, they belong to Punjab, Haryana and western Uttar Pradesh, the birthplace of the Green Revolution.

In 2018-19, APMCs procured 73% and 80% of the total wheat production in Punjab and Haryana respectively at a minimum support price.

This was higher than the market price, but a hefty chunk of the support price ends up in the hands of middlemen through various fees and charges.

Unknown to most, price support does not necessarily mean income support in the current system.

Farmers in the Himalayas, the Nilgiris or most other parts of India never benefited from the status quo.

As a result, farmers in 25 of India's 28 states and all eight union territories have not taken to the streets.

The Shetkari Sanghatana, a Maharashtra-based farmers' union founded by the economist-turned-farmer leader Sharad Joshi, and other unions support the government's agricultural reforms.

The late Joshi was convinced that "the root cause of farmers' problems lay in their limited access to the market."

As per this farmer leader, open and competitive markets, instead of a top-down command-and-control agricultural economy, served farmer interests better.

Joshi opposed the APMCs, and his organization naturally supports recent reforms.

In fact, it wants to go much further.

It wants the government to remove the ban on the export of onions and threatened to pelt BJP MPs with onion bulbs if the government fails to do so.

Journalists unfamiliar with rural India, including those working for the market-friendly Financial Times, have failed to capture this nuance.

Not all farmers are protesting. Protests are largely confined to Punjab, Haryana and Jat strongholds in western Uttar Pradesh.

This northwest region around Delhi comprises less than 8% of the Indian population.

It elects 38 out of 543 MPs in the Lok Sabha, but its proximity to the capital gives it disproportionate power.

Home to Green Revolution, it has benefited from massive govt spending for decades

As per managing editor of Financial Express, farming households in Punjab get an average of $2,385 per year in fertilizer and electricity subsidies alone.

Irrigation subsidies account for another $190 per year. Punjab, Haryana and western UP benefit from other subsidies as well.

To put these figures into context, in 2019, GDP per capita in India was less than $2,100, with most farmers earning a much lower figure.

Many of those protesting are large farmers from northwestern India.

Some of their family members are part of the Indian diaspora in Australia, Canada, the UK, the US and elsewhere.

Some of them continue to be absentee landlords.

They have petitioned their representatives to raise the issue with the Indian government, organized demonstrations and raised the matter with the press.

As a result, a narrative has emerged in the English-speaking press that is not entirely unbiased.

On January 26, India's Republic Day, protesting farmers marched through New Delhi.

Some attacked the police, destroyed public property and flew flags on the Mughal-built Red Fort from where prime ministers address the nation.

This caused outrage and weakened the movement.

However, Rakesh Tikait, a farmer leader, rallied his protesters with an emotive appeal.

He broke down in tears and threatened to hang himself if the BJP government did not repeal its reforms.

Mahendra Singh Tikait who took over the nation's capital with nearly 500,000 farmers in 1988.

Per the Indian press, Rakesh Tikait is a former policeman with assets worth 80 crore rupees ($11 million), a significant sum for a farmer in India.

It is clear that the likes of Tikait are not poor, helpless farmers crushed by debt, contemplating suicide.

They form part of the almost feudal elite that has dominated the APMCs and the rural economy for decades.

Many media outlets fail to realize such farmers have enjoyed price support, subsidies on agricultural inputs, free electricity, waived water charges, cheap credit from state-led banking sector & no tax on farm income.

Winners of old sys and desperate not to lose what they have.

Small farmers in northwestern India have joined large farmers too.

They fear the unknown. Since British rule, agrarian distress has been persistent in India.

Well-meaning measures like APMCs have backfired.

Indian countryside faces unique challenge of extreme overpopulation.

Low productivity, fragmented landholdings, lack of storage infrastructure, high indebtedness, strangulating red tape and entrenched corruption have held rural India back and caused simmering discontent. Leaders like Tikait are tapping into this discontent.