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Storage Facilities And The New Agriculture/Farm Bills 2020

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Abstract

India is the second largest populated country in the world. For feeding such huge population, requirement of food is larger which can be fulfilled by stocking food For this purpose we need huge facilities of storage. But the storage facilities is not enough. The main occupation of the people is agriculture but their earning is very low. To increase the storage facilities and also to fulfil its desire to double the income of farmer Govt has passed three agriculture/Farm bills in the month of September 2020. Inthis paper we have tried to find out the present position of storage available in the country and the impact of these three agriculture/Farm Bills. By analyzing the data it is clear that the present position of storage is not satisfactory. All the godowns are almost full and new harvest has arrived in mandis. As far as the new bills are concerned there are certain questions that are still to be answered.

KeyWords: Storage Facilities , Agriculture/Farm Bills, APMC, MSP

Introduction

Indian economy is based on agriculture, about70% of the population depends on agriculture sector. India is also the second largest populated country in the world, shares 17.5 % of the world's population and ranks seventh in terms of land. For feeding such huge population, requirement of food is larger which can be fulfilled by stocking food in the years and areas of bumper production and supplying it to needy in periods of scarcity. For this purpose we need huge facilities of storage. Among farmers there is always a rush to sell the produce after each harvest, because they do not have their own storage spaces and also they have to recover their input cost which result in less income for them. The lack of own storage facilities forced them to sell their produce to Govt. agencies like FCI, CWC, SWC etc. at MSP or other bidding price. On the other hand these agencies are also overburdened. The government buys food grains from the farmers but likewise does not have the space to store it. Every year tonnes of food grains go waste because of inadequate storage and infrastructure facilities. Due to inadequate infrastructure facilities post-harvest losses accounts an average 10 to 25 per cent, To save these produce from rain, insects, rodents, theft and sometimes malpractices of traders, it becomes imperative for government to pool resources from different programmes and to frame a comprehensive scheme. By working on these aspects and also to fulfil its desire to double the income of farmer Govt has passed three agriculture bill namely the Farmers' Produce Trade and Commerce (Promotion and Facilitation), the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services, and (iii) the Essential Commodities (Amendment) Bill, 2020.

Need and objective of the study

In India the production of wheat has increased 10 times (from less than 10 million tonnes in 1955-56 to more than 100 million tonnes in 2018-19), while the production of rice has increased more than four times (from around 25 million tonnes to 110 million tonnes during the same period). The production of pulses has increased 2.5 times, from 10 million tonnes to 25 million tonnes. but the storage facilities have not increased in the same pattern which is creating the gap between the production and storage. Although the govt has allowed the private players to participate in increasing the storage facilities but it is still not enough. The objective of this paper is to find out the present position of storage available in the country and the impact of three agriculture Bill, Out of this one bill namely the Essential Commodity Amendment bill is directly related with the storage.

Description and Analysis

A study was conducted in 2015 on the quantum of central harvesting under the Indian Council of Agricultural Research (ICAR) and loss of post-harvest losses. The report says that the yield of onion, tomato, potato, wheat, maize, paddy and dal is damaged by 4.65 to 12.44 per cent after harvesting. The government has 8,038 cold storage with a capacity of 36.77 million metric tonnes. In addition, central warehousing corporation and state agencies including government and hired have a total storage capacity of 753.93 lakh MT up to 30-09-2019.

The Food Corporation of India's June 2019 report shows that the stock is already more than the storage capacity. It means that when new production will come and wheat inflow begins, there will be no place to keep it in our godowns. As on June 1, 2019, the FCI and state government agencies have a storage capacity of 878.55 million tonnes with a cap of 133.55 million tonnes. The total storage capacity of the FCI is 407.31 million tonnes. The total storage of food grains in Punjab is 253.89 million tonnes while the state has a storage

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capacity of 234.51 million tonnes. In such a situation, the question arises as to where the surplus food grains are kept and in which condition. This is an example of a single state. There was never so much stock before, but this time, the situation has deteriorated. On July 1, 2016, the Central pool had 495.95 million tonnes of grain which had reached at the record level of 533.19 in July 2017. The stock reached 650.53 million tonnes on July 1, 2018, and 742.52 million tonnes by July 1, 2019.The FCI data shows that on July 1, 2016, the Central Pool (Storage) had a stock of 495.95 million tonnes of food grains, which was recorded at 533.19 million in July 1, 2017. Similarly, on July 1, 2018, it reached 650.53 million tonnes and 742.52 million tonnes on July 1, 2019. The procurement of rice has begun, but our godowns have become almost full. Rice can't be kept in the open and there is no visible strategy on where to keep it.

The Food Corporation of India (FCI) has framed a regulation for the storage of wheat and rice at different times, also known as buffer norms. As per the regulation, the FCI should have a maximum stock of 214 lakh metric tonnes on January 1, 2020. But the total stock of the central pool had reached 565.11 lakh metric tonnes as on January 1, 2020, i.e., about two-and-a-half times more than stipulated. The stock of rice should be 56.10 lakh MT and is 237.15 lakh MT, similarly, the wheat stock should be 108 lakh MT which has gone up to 327.96 lakh MT.

From the below table of September 2020 it is clear that godowns of Himachal Pradesh and Andaman Nicobar is 100% full and the godowns of Manipur and Meghayla is more than 95% full. The godown of Gujarat and Delhi are also have more than 90% occupied . The godowns of punjab and haryana has also not much space to be left. This year, the biggest challenge in front of the government will be to protect wheat and paddy. So the question arises where the new stock is to be kept. The new production has come into the mandi but there is not much space is left to store this.

Table: STATE WISE STORAGE CAPACITY WITH FCI SEPTEMBER 2020

(Fig in Lac Tons)

S.N	State	FCI owned	Hired	CAP	Grand Total	Stocks Held	Utilization (%AGE)
1	Bihar	3.66	6.47	1.00	11.13	8.07	72

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2.	Jharkhand	0.67	3.23	0.05	3.95	3.27	83
3.	Odisha	3.12	2.53	0.00	5.65	3.82	68
4.	West Bangal	8.40	1.06	0.51	9.97	5.71	57
5	Sikkim	0.10	0.01	0.00	0.11	0.05	45
6	Assam	3.00	1.18	0.00	4.18	3.58	86
7	Arunachal Pradesh	0.32	0.01	0.00	0.33	0.20	61
8	Meghalaya	0.13	0.09	0.00	0.22	0.21	95
9	Mizoram	0.25	0.00	0.00	0.25	0.20	80
10.	Tripura	0.36	0.08	0.00	0.44	0.32	73
11	Manipur	0.48	0.04	0.00	0.52	0.50	96
12	Nagaland	0.33	0.13	0.00	0.46	0.40	87
13	Delhi	2.85	0.00	0.00	2.85	2.63	92
14	Haryana	7.68	51.86	6.07	65.41	53.87	82
15	Himachal Pradesh	0.22	0.56	0.00	0.78	0.79	101
16	J&K	1.03	1.52	0.10	2.65	1.98	75
17	Punjab	22.24	90.65	12.28	125.17	83.74	67
18	Chandigarh	0.00	0.06	0.00	0.06	0.01	17
19	Rajasthan	7.20	11.48	2.03	20.71	16.22	78
20	Uttar Pradesh	15.15	33.98	5.19	54.32	29.29	54
21	Uttrakhand	0.66	0.99	0.21	1.86	1.25	67
22	Andhra Pradesh	7.29	2.45	1.60	11.34	7.15	63
23	Andaman &Nicobar	0.07	0.00	0.00	0.07	0.07	100
24	Telangana	5.37	6.69	1.02	13.08	7.42	57
25	Kerala	5.29	0.13	0.21	5.63	4.13	73
26	Karnataka	3.81	4.89	1.36	10.06	8.08	80

27	Tamilnaidu	5.80	7.78	0.25	13.83	11.09	80
28	Pundichari	0.44	0.84	0.06	1.34	1.14	85
29	Gujarat	4.05	2.33	0.27	6.65	6.05	71
30	Maharastra	8.68	10.61	1.02	20.31	16.39	81
31	Goa	0.15	0.05	0.00	0.20	0.15	75
32	Madhya Pradesh	3.37	4.48	0.36	8.21	7.09	86
33	Chattisgarh	5.12	4.16	0.01	9.29	7.71	83
Grand Total		127.29	250.14	33.60	411.03	292.57	71

Source: Food Corporation of India website (https://fci.gov.in/storages.php?view=286)

Due to the lack of godowns in the country, both the government and the farmers suffer losses. The farmers of Punjab may be most badly hit due to this because Punjab is far ahead in the cultivation of both paddy and wheat. Punjab remains the number one state across the country by producing 40.4 quintal paddy in one hectare of farmland. But the Cost and Prices Commission report says that the spurt in paddy cultivation in Punjab is worrying. Rice productivity in Punjab grew by 2.8 per cent between 2009 and 2013 as compared to a 37.2 per cent increase in rice production between 2013 and 2018. The state produces 11.4% of the country's total rice output.

The FCI has procured 108 lakh MTs of paddy from Punjab till January 2020. Haryana stands second with 43 lakh MTs.. As per the FCI report, the highest stock of paddy and wheat is in Punjab godowns. As of January 1, 2020, Punjab has 195.38 lakh MT, Haryana godowns 104.70 lakh MT, Madhya Pradesh 77.63 lakh MT of food grains.

Govt. is trying very hard to overcome this problem, and it is not the first time that the government is acting towards capacity build-up. In 2017, it had announced to set up 100 lakh tonnes of steel silos through Public-Private Partnership, although it has constructed only 6.75 lakh tonnes capacity steel silos by May 31, 2019, These godowns were to be constructed with the help of NABARD, the Food Corporation of India (FCI) and the Central Warehousing Corporation.

New Bill 2020

Central Govt. is working very hard to make reforms in agriculture sector since long and by walking on the same path it has passed three agriculture bill in the month of September 2020 namely the Farmers' Produce Trade and Commerce (Promotion and Facilitation), the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services, and (iii) the Essential Commodities (Amendment) Bill, 2020.The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 allows intra-state and inter-state trade of farmers produce beyond the physical premises of APMC markets. It also prohibit State governments from levying any market fee, cess or levy outside APMC (Agricultural Produce Market Committee) areas.

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 defines a framework for contract farming,

The Essential Commodities (Amendment) Bill 2020 is directly related to storage. It amends the Essential Commodities Act, 1955. The main changes under this bill is to free the agricultural markets from the limitations imposed by permits and Mandis those were originally designed for an era of scarcity, and through this move one can expect further private investment& foreign investment.The Act empowers the central government to regulate the supply of certain food items including cereals, pulses, potato, onions, edible oilseeds, and oils, only under extraordinary circumstances like war, famine, extraordinary price rise and natural calamity. A stock limit may be imposed only if there is: (i) 100% increase in retail price of horticultural produce; and (ii) 50% increase in the retail price of non-perishable agricultural food items. The increase will be calculated over the price prevailing immediately preceding twelve months, or the average retail price of the last five years, whichever is lower. At present it contains seven commodities — drugs; fertilisers, whether inorganic, organic or mixed; foodstuffs including edible oils; hank yarn made wholly from cotton; petroleum and petroleum products; raw jute and jute textiles; seeds of food-crops and seeds of fruits and vegetables, seeds of cattle fodder, jute seed, cotton seed. By declaring a commodity as essential, the government can control the production, supply, and distribution of that commodity, and impose a stock limit.

Impact of the bills

The Union government describes these laws as historic reforms in the agriculture sector for helping farmers to get a better price for their produce by allowing barrier-free trading of farm goods, contract farming and increased storage facilities. But it also has shadow side which should be taken into consideration. Under the first bill farmers are allowed to sell their produce outside the physical premises of mandis and APMC markets. These APMCs were established in the early 1960s to protect farmers from price misinformation. With the establishment of mandis, farmers were assured of knowing the exact price for their produce and a fair transaction. Traders could operate in these APMCs only after getting a licence, which ensured government control on them and thus assured price to farmers for their produce. It may be possible that in the near future these mandis and APMC be abolished, if it happens then it will tear the socio-economic fabric of the state, simply because of the huge unemployment it could create. The private market yards, if established, would need neither commission agents nor arhtiyas and labourers in mandis, and farmers would also get much less for their produce.

Second bill is related with contact farming and it is said that it will prove beneficial for the farmers, it is said that big corporates will solve this problem by not just providing capital, but also making inputs cheaper through backward linkages with suppliers and bringing in efficiencies of scale. However, if the organised private sector was so great, what stopped big private banks from entering the space and providing easy credit to small farmers? Why has the government not even pushed public sector banks to break this control over finance that gives immense power to local arhtiyas? Even after many years of nationalisation of banks the farmer are unable to get proper finance. It is also a bitter fact that there are so many examples that how the multinational companies and corporate houses have exploited the large segment of the society.

Essential commodities are the subject matter of third bill which focus on increasing the storage facilities. Many essential items are expelled from the storage limit. Now anyone can store agricultural produce upto any level. This bill will motivate the corporate sector to established New Godowns at farm level or state level. Although FCI is already constructing various godowns with Private Participation under Private Entrepreneurs Guarantee

Scheme.But lack of trained personnel, use of outdated technology and inadequate power supply are hampering the way of storage process.

Concluding Remarks:

The Central government says that these bills will bring revolutionary changes in economy and also in farmers life. With this their dream of getting the double income of farmer will come true. It also seeks to transfer the risk of market unpredictability from farmer to sponsor, besides giving them access to modern technology and better inputs. The move will boost farmer income by reducing the cost of marketing. It aims to attract private investment /FDI into farm sector as well as bringing price stability.

But from the current scenario it seems that farmers are not satisfied with the bill as they wants the MSP (Minimum Support Price) whether the procurement may be done by the government or private agencies. MSP is the price at which Govt. purchase the agricultural produce from the farmers. In India although the Government declares MSP for about 23 crops, but only two and a half crops really guarantee the minimum price. One more thing about MSP is absolutely true that this is not the reasonable price for the crop .The calculation of the minimum support price is also not done properly. Fifteen years ago the Swaminathan Commission had given the formula for the calculation of MSP, they said that MSP should be fixed as the total cost of the farmer's produce by adding 50% savings i.e if the cost of wheat is rupees 1400 per quintal then its MSP should be rupees 2100 per quintal It is also a bitter fact The government doesn't buy wheat and paddy just because the farmer gets a good price rather it has to give wheat and rice to the ration shops in Public Distribution system. As the godowns of the FCI and other state Govt. agencies are almost full so in 2019 the central government has given in writing to Haryana and Punjab government that they should reduce government procurement of wheat and rice. By following the same instructions Haryana government has said to the farmers many times not to sow the paddy in large areas. In the new bills whole country is considered as one market so any farmer can sell its crop anywhere in the country from where he can get a higher price, it is really very good for the farmers but there are certain questions, which requires answers, will it benefit the farmer?If farmer sell the crop to another state or to another company who will pay the fare? who will buy the crop at a higher price?Will the farmer be able to make a contract of farming? Is the farmer so powerful that he will negotiate a good price with the corporate houses? The current MSP system which is the backbone of the farmer be able to survive in the corporate system? There are so many examples that how the multinational companies and corporate houses exploit the large segment of the society. In contract farming also more chemical may be used to increase the production so there is a danger that after three and four years the power of the land can be destroyed.. It may happen that by contacting a particular farming in a specific area corporate houses can control the prices of the other commodities by making artificial shortage.These above mentioned problems may occur in future so the government should try to firstly assure the farmer that MSP must be given not just by saying but by making amendment in the bill, secondly training of the farmers be organized to enable them techniques and ways of marketing, direct export facilities be provided, farm level store houses should be opened, strict rules be farmed to avoid exploitation of the farmers.

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