Agrarian Reforms, Modes of Production and Farm Bills 2020 in Punjab

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In the aftermath of the Partition in 1947, India retained 85 percent of the population but was left with just 75 percent of the capacity for cereal production. Around 72 percent of the labour force was employed in the agricultural sector. Such contingencies demanded a restructuring of the agrarian sector. With this in mind, this article highlights the historical background of the Nehruvian agrarian reforms introduced in India. This includes a brief discussion on foreign interventions in India’s agrarian scene, which later gave rise to the Green Revolution (GR) in the 1960s. It also highlights the reasons for the proliferation of the arhtiya class of intermediaries in Punjab. I will then address the mode of production in Punjab to provide an understanding of the socio-economic environment against which the farm laws were introduced.

In this paper, I study the evolution of the agrarian economy in Punjab and discuss the implications of the recent experiment—Farm Laws 2020, on small and marginal farmers (SMFs) in Punjab, who were subjected to perpetual indebtedness because of the GR and subsequently continue to be slaves of the arhtiyas and moneylenders in the absence of an institutional credit disposal mechanism. Through this conceptual understanding of the agrarian environment in Punjab, the paper attempts to analyze the consequences of the farm laws introduced in 2020.

Historical Background of Land Reforms in Punjab

In post-colonial India, agrarian transitions were influenced by foreign agencies in the United Provinces before independence. The colonial administration introduced exploitative land revenue experiments to maximize revenue extraction in the United Provinces, which resulted in economic differentiation, social conflicts, and pauperization of peasantry. This colonial exploitation, an excuse for the modernization of agriculture, left India on the brink of starvation and transformed it into a begging bowl for American aid. Along these lines, historians argue that post-colonial India was subjugated by American dominance disguised as agrarian modernization and the aid offered during the Cold War era in an attempt towards the Americanisation of the global economy. George Woodlock calls it a “second conquest by technology rather than arms.”

Historians such as Prakash Kumar, Timothy Mitchell, and others, highlight the contributions of missionaries in modernizing agriculture in the United Provinces. Prakash Kumar's work, “Modernization and Agrarian Development in
India,” is deeply enriching. He argues that while colonial modernity targeted wealthy sections of the agrarian pyramid, American modernization, on the other hand, focused on uplifting small farmers through ideas of “self-help,” “self-development,” and “improvement” based on their experiential understanding of the American South. According to Kumar, the modernization of agriculture in India started long before independence by the colonial and American missionaries. However, the colonial interventions soon transformed from Evangelism to Anglicism. Sujit Sivasundaram, in his research on Serampore missionaries of Bengal, argues that colonial agrarian experiments had an ulterior motive, to colonize the minds of the “pupils, pundits and gardeners.” The colonial administration asserted that traditional methods of agriculture were primitive, and the introduction of modern methods would increase productivity.

This discourse allowed for appropriation and the colonization of Indigenous minds. For example, it helped the colonial administration to introduce plantations that were economically beneficial for British exports; such as indigo plantations in Bengal that did not empower but impoverished the farming community. Similarly, Rupa Viswanath proposes that the missionaries did not bring about any “real empowerment” when it came to seeking state intervention in changing the exploitative nature of agrarian land reforms in colonial Madras. She argued that India was even exempted from the Slavery Abolition Act of 1833 and the conditions of agrarian labourers were similar to those of slaves in Madras. Asa Briggs expressed that this idea of improvement was the result of developing a relationship between humans and nature “expressed in the exploitation of physical power and use of machinery.” The creation of colonial gardens and plantations depicted the ability of man to augment nature and legitimized colonial rule, depicting a “nature improved by the intervention of ‘man.’” The colonial administration propagated the idea that the Western man from a more technologically advanced nation did not only understand nature but also possessed power over it. This concept of improvement inherently positioned imperialists and colonialists as superior to the Eastern civilizations in the hierarchy of civilizations. This is apparent in the colonial Eurocentric narrative of modernity and American exceptionalism at the foundation of “modernization.” However, it was observed that many Western gardeners and planters relied on traditional techniques due to a lack of knowledge about the ecology of the region.

On the other hand, some historians argue that the American idea of improvement focused on helping small farmers become self-sufficient. It aimed to teach farmers about improved methods of agriculture to increase productivity. American contributions included the establishment of Allahabad Agriculture Institute by Sam Higginbottom, which introduced innovative agricultural research in India. Although, the missionary and philanthropic efforts of organizations such as the Rockefeller Foundation and Ford Foundation cannot be neglected. These organizations did not only extend their interventions in Asia but also in Latin Amer-
ican countries, such as Guatemala. The western philanthropic ambition in Guatemala included eradicating poverty and hunger through long-term investments and projects.\textsuperscript{11}

However, historians such as Nick Cullather argue that GR technology propagated by America aimed to suppress the red revolution that could arise due to the hunger and poverty in developing nations.\textsuperscript{12} According to Cullather, India was used as a dumping ground for the surplus produced in the USA and the profit accrued helped in controlling the price of grain in the domestic market.\textsuperscript{13} Speckman, in his study on Mexico, suggests that although the GR in Mexico was aimed at economic change, in South Asia, the foundations “genuinely feared economic nationalism (“Communism” in Cold War era vocabulary).”\textsuperscript{14} Policymakers feared that the distressed peasantry might turn into revolutionaries. One can argue that in many cases GR policies intended to homogenize the world market along capitalist lines to gradually establish American hegemony.

**Impact of Nehruvian Reforms in Punjab**

Agrarian reforms undertaken by the Nehruvian state were the mainstay of his government’s decolonization program. The Zamindari Abolition Act focused on the elimination of intermediaries and the equitable redistribution of acquired land amongst the peasantry. It focused on vesting the rights of intermediaries (Zamindars) in the State.\textsuperscript{15} However, it failed to challenge the exalting control of dominant landlords and class antagonists.\textsuperscript{16} Many reforms were introduced following the Zamindari Abolition Act, such as the Punjab Security of Land Tenures Act (1953), the Pepsu Tenancy and Agricultural Land Act (1955), and so on, but due to loopholes and corruption, poor farmers did not benefit from this legislation. However, acts such as The Punjab Abolition of Village Act successfully managed to provide some relief to poor farmers.\textsuperscript{17} Similarly, the Tenancy reforms were formulated to ensure the security of tenure and to provide ownership rights to poor farmers, but failed because tenancies were often orally recorded or informally committed, and hence, 82 percent of tenancies were insecure.\textsuperscript{18} The right to the resumption of land led to the legal and illegal eviction of tenants under provisions like “personal cultivation” and “voluntary surrenders.”\textsuperscript{19} In addition, small farmers could not afford the high rate of compensation needed for acquiring ownership rights. The lopsided land to population ratio amplified the practice of verbal contracts. As a result, tenants agreed to pay one-third or more as rent, in fear of eviction.\textsuperscript{20} Apart from this, the landlords evicted the tenants fearing the acquisition of ownership rights of the land by the tenants under the tenancy reforms.\textsuperscript{21} This turned tenants into landless labourers.

The government also attempted to implement land ceiling reform aimed at equitable distribution, but since the ceiling was fixed very high and imposed on individuals rather than on the family unit, it led to the practice of benami transfers in the name of family members.\textsuperscript{22} Also, the appropriated land was distributed
amongst elites through closed bidding and illegal deals.\textsuperscript{23} In response to cooperative farming initiatives, landlords developed bogus cooperatives using ex-tenants as fake members to claim state-offered incentives and loans that were meant for poor farmers. As a result, de-facto landlordism continued, and the farmers could not reap significant benefits from the legislation. Following the Nehruvian reforms, the GR was introduced in Punjab. However, the promised miracle of the GR caused more harm to farmers in the long term. Its adverse effects in Punjab were escalated by the emergence of an intermediary class of middlemen, the arhtiya.

The following section elaborates on the effects of GR and highlights the process through which the caste-based middlemen, arhtiya, transformed a commission agent system into a capitalist system.\textsuperscript{24} In India during the GR, the traditional caste-based, arhtiya, converted themselves into businessmen by linking themselves to the government-established system of Agricultural Produce Market Committee (APMC) mandis.

**Impacts of the Green Revolution and Proliferation of Arhtiya in Punjab**

The GR was initially introduced as an experiment in Mexico in the early 1940s to combat hunger and poverty. The Mexican government joined hands with the Rockefeller Foundation to introduce a series of Mexican Agriculture Programs, which became the foundation of the GR. Productivity soon increased exponentially in Mexico with technological experimentation and the introduction of high-yield variety seeds. National exports increased from $156,000,000 to $535,000,000 between 1939 and 1950.\textsuperscript{25} There was a 37 percent increase in maize output.\textsuperscript{26} However, the real wages of small farmers and labourers stagnated or shrunk by the 1960s.\textsuperscript{27} With this stagnation, the gospel associated with the miracle seeds burst. It was understood that for the technology to generate a profit, large areas of farmland were required and therefore the small farmers with small farms or a lack of capital did not benefit from the technology. In Mexico, such reforms only benefitted the wealthy, landowning class because only rich farmers could afford the expensive technology associated with the GR and profit from economies of scale. Though the national exports increased, the GR did not benefit small farmers. Similar cases were observed across the world, where a greater number of small farms did not generate as much output as a small number of larger farms. According to the *UN Chronicle*, by the 1970s, only thirteen percent of farms worldwide produced fifty-eight percent of output while nearly fifty-six percent of farms were not able to realize a subsistence income.\textsuperscript{28}

In 1978-79, the consumption of chemicals such as pesticides and fertilizers increased to 1,067,000 metric tons from 2,800 metric tons in 1940.\textsuperscript{29} De Janvry, an economist at the University of California, used the term “functional dualism” for the agrarian framework in Mexico under which wealthy agriculturists and industrialists continued to reap profits while poor farmers plunged deep into poverty and hunger.\textsuperscript{30} The expensive GR technology increased the input costs resulting in an
overall increase in production costs, which led to a surge in the price of maize in Mexico and a stagnation of small farmers’ wages. The newly landless farmers became highly indebted and were called “debt peons.” Eventually, there was a mass exodus of farmers to urban cities and disintegration of social ties and community, something that was observed in India as well. Cynthia Hewitt de Alcántara stated that the GR was “not development” because most of the farmers did not benefit from it and merely managed to survive at subsistence levels or below. The GR technology, hence, only benefitted wealthy commercial farmers in Mexico.

In India, between 1949 and 1965, the agricultural output was growing at 3 percent per annum, but by the 1960s growth stagnated while the population growth rate kept rising by 2.2 percent per annum, resulting in a food crisis that turned India into a “Malthusian time bomb.” This increased the risk of a red revolution, and led India and the US to start providing grains in the form of aid as a counter-revolution method. William Gaud, administrator of the US Agency for International Development (USAID), announced the GR as an alternative to the red revolution. To meet the shortage of food, India imported grains from the US under the PL480 scheme in 1956. However, the trade terms required devaluation of the Indian rupee from Rs. 4.76 to Rs. 7.50. It reduced the value of the Indian National Rupee by 57 percent to the US dollar. These inflationary shifts caused poor peasants to lose more as “commodity purchasers” than their gains as “commodity sellers.” The GR policy was introduced initially only in a few states, including Punjab, depending on soil fertility and ecology.

During the three phases of the GR, Punjab recorded a growth rate of 6.63 percent during 1962-65, 5.7 percent from 1970-73, and 5 percent from 1980-95. Punjab was the richest state, but the agrarian surplus accumulated was diverted to other states for industrialization by the central government and not utilized in Punjab itself, which left it predominantly agrarian. Shinder Purewal, a political scientist, also asserts that Punjab received more funds for agriculture but less for industrialization in terms of the national average. Initially Punjab was hailed as the favoured son of India due to the allocation of agricultural funds, but when it became apparent that its industrialization process had been compromised, it was accused of being treated as a step-son by the Indian government. Moreover, from 1977-78, the return on investments fell below two percent. Despite a declining agricultural output, the dearth of employment opportunities resulting from the lack of industrialization compelled people to continue their work in agriculture even under unfavorable conditions.

Apart from this, GR technology such as bioengineered seeds, pesticides, and fertilizers were also unaffordable for SMFs who resorted to loans commissioned by non-institutional sources like arhtiya. During the GR, the use of fertilizers rose to 2.13 Lakh (213,000) metric tons between 1970-71, from 0.005 lakh (500) metric tons between 1960-61. The use of these chemicals also degraded soil fertility. Hence, to facilitate production, farmers invested more in such technology, which
further deteriorated the soil and the farmer plunged deeper into the cycle of perpetual indebtedness.

To properly irrigate the fields, tubewells were used to pump groundwater to the surface, but the GR technology depleted groundwater levels. As a result, a greater number of tubewells and electric water pumps were required to irrigate the same field. This not only increased the input costs that were invested in the tubewells and pumps, it also increased electricity consumption and electricity bills. Kapil Kajal noted that many farmers also committed suicide due to increasing costs of tubewells for irrigation as a result of depleting groundwater levels in Punjab.43 This accounted for an increase in overall investments and a decrease in relative profits. Furthermore, cash expenditures also increased by nine percent for wheat and eleven percent for rice.44 The use of fertilizers increased to 179 kg/hectare in 2000-01 from 38 kg/hectare in 1970-71.45 Such an increase in expenditure on tubewells, fertilizers, electricity, and much more collectively, along with indebtedness, turned small farmers into slaves.

This was not only the case in India, but many other countries also reported a similar cost-price squeeze. For example, production costs increased exponentially in the United States and farmers’ profit margins compressed.46 Outputs increased, but poor farmers remained hungry. Similarly, in the Philippines, yields improved by thirteen percent in the 1980s, but the cost of fertilizers swelled by twenty-one percent.47 This left poor farmers with the bare minimum for their survival. It also resulted in the indebtedness of poor farmers who could not afford the technology. In West Java, yield touched a twenty-three percent improvement, however, the cost of chemical inputs such as pesticides and fertilizers increased by sixty-nine percent and sixty-five percent respectively.48 Similar cases were observed in Brazil, where the GR increased productivity, but due to ecological variations, it resulted in income inequality and unequal access to resources.49

In India, the class of tenants and sharecroppers came under severe pressure from increasing rents as a result of the increase in land value post-GR.50 Consequently, many small farmers gave up self-cultivation, and 22 percent of these became agricultural labourers or industrial workers.51 Many immigrant labourers were displaced with an increase in tractorization while 22 percent of small farmers gave up self-cultivation and joined the labour force in Punjab.52

The GR was based on knowledge of the use of technology and the policies that promoted appropriate use, however, its injudicious usage led to long-term ecological devastation.53 To ensure the judicious use of technology, the T&V training system was introduced in India in 1977, however, due to a lack of formal training, the long-term ecological devastation had already commenced.54 The “knowledge dissonance,” commercialization of agriculture, “agricultural individualization,” ecological degradation, and perpetual indebtedness compounded the growing pressure on agriculturists, pushing some of them to suicide by ingesting pesticides.55 Suicide rates among farmers increased as a result of implementing GR policies.56 To depict
the extent of poverty, economic debt, and financial crisis, Sucha Singh Gill, an Indian economist of the Punjabi region, notes that there were panels outside villages exclaiming that “the village [was] on sale.”\textsuperscript{57} It is important to note that while some households were unaffected by this, many villages were devastated, indicating the scale of the crisis in Punjab. In 2014, there were 5,650 suicide victims in Punjab.\textsuperscript{58} Between 1985-90, the average percentage of suicides across India was 27.14 percent, whereas Punjab’s was 35.85 percent.\textsuperscript{59} Under such circumstances, the arhtiya became the most influential caste in Punjab.

A major concern is the dual role assumed by the arhtiya, that of commission agent and moneylender. The arhtiya obtained grain off-season at a low price (lower than market rates) and sold at a higher value during the season’s peak time, claiming a high commission through practices such as “non-issuance of J slips (sale slip).”\textsuperscript{60} The farmers in Punjab considered arhtiya as a “necessary evil,” and the answer to such a paradox lies in the complications faced by farmers in availing of institutional credit loans in Punjab.\textsuperscript{61} The government provided access to institutional credit agencies, however, this access involved elaborate procedures which were complicated and time-consuming for illiterate farmers.\textsuperscript{62} Farmers also faced corruption, which facilitated a barrier to obtaining necessary documents from the patwaris and other officials.

Challenges associated with new GR policies compounded with the inability of SMFs to produce assets as collateral, absence of a village-level bank network, and the additional burden of travel expenses, exacerbated by high transaction costs imposed by commercial banks, making it difficult for farmers to secure loans.\textsuperscript{63} Apart from these issues, farmers also required loans for personal uses which were not easily dispensed by institutional sources. Therefore, the farmers preferred non-institutional credit loans because they were easier to acquire even during an emergency. Moreover, there is no time limit for the repayment of such loans and they could be availed more than once. According to the All India Debt and Investment Survey report, published by the Reserve Bank of India (RBI), despite the incremental dispensation of institutional agricultural credit, the percentage of non-institutional agencies kept inflating.\textsuperscript{64} In 2002, the share of credit loans provided by informal sources increased to 44 percent.\textsuperscript{65} More recent data from the National Fiscal Inclusion Survey (2016-17) shows that 30 percent of agricultural households still relied on non-institutional sources.\textsuperscript{66} Sukhpal Singh, professor at the Indian Institute of Management (IIM), points out that Punjab’s total agricultural debt in 2002-03 was approximately Rs. 9,886 crores (98,860,000,000) and 58.1 percent of this debt was provided by informal sources like the arhtiya.\textsuperscript{67} Interest rates charged by commercial banks were between four to nineteen percent; landlords charge between eighteen to twenty-four percent; while arhtiyas charge as high as between fifteen to twenty-four percent.\textsuperscript{68} The Arhtiya-Trap and the shortcomings of state machinery deprived SMFs of utilizing the advantage of market competition, agricultural reforms, and contingent economic fluctuations in a trade cycle for better
price realization. The benefits from these measures were corruptly appropriated by the arhtiya through assuming a monopoly at the APMC mandis or trading markets by exploitative, pre-orchestrated bidding auctions via cartelization and politicization, in cahoots with a miscreant state apparatus, across the supply chain. With the advent of GR technology, the mode of production in Punjab underwent massive transformations. The following section sheds light on this transition and attempts to analyze the current mode of production in Punjab.

Understanding the Mode of Production in Punjab
Current relations persisting in Punjab agriculture reflect a capitalistic mode of production, as the institution of capitalism requires the accumulation of capital in the hands of fewer owners—but is not a compulsory condition. This accumulation of capital does not necessarily mean the accumulation of land owned (or an increase in surface area), and the increase in the value of the land possessed relative to the persisting values also confirms capitalistic developments. Soaring land values in the case of Punjab can be considered an example of an accumulation of capital without a significant accumulation of land due to the “scale-neutral” technological modifications during GR. However, the GR also caused de-peasantization and class polarization among the peasantry. In the case of Punjab, it commercialized agriculture, which aimed to cover not only livelihood requirements, but also unproductive consumption demands and export needs of the global market.

It may be argued that if production for the market was so significant, then why would indebtedness persist to such alarming levels? The answer lies in a lopsided input-output ratio. With the development of capitalism, there was a reinvestment of surplus to increase the scale of production and profit. In a pre-capitalistic or a non-capitalistic setup, there is no reinvestment of the capital in the production process, and the accumulated surplus is consumed in luxury or unproductive investment that does not add to the productive capital, and hence does not add any credit to the working capital. Production in such a setup is basic production and not expanding production. In the case of Punjab, there is a surplus reinvestment in advanced technological inputs like tractors, pesticides, fertilizers, advanced seeds, etc., that gives rise to expanding production and greater agricultural growth, indicating capitalist development. However, a lack of credit loans combined with increasing input costs where the output did not proportionately progress and caused indebtedness.

Another feature that suggests capitalist production relations, is the existence of free labour. In a feudal setup, labour power is not a commodity, the labour itself becomes a commodity owned by the feudal lord, and people are not free to move in search of employment. However, in the case of capitalist economies, labour power is regarded as a commodity and labour is free to sell its value in the market as per its requirement, without any coercive forces, and has the freedom to choose the buyer who rewards wages in exchange for labour capital. In the case
of Punjab, we observe the presence of hired wage labor that is employed either on a daily wage basis or a yearly contract basis.\textsuperscript{79} The labourers are free sellers of their service and many migrate from different states in search of a livelihood.\textsuperscript{80} For instance, Lakhwinder Singh’s study discusses the influx of agricultural labour from different states such as Bihar into Punjab during the harvest season in search of seasonal employment or contract employment for a single production cycle.\textsuperscript{81} This contextual discussion is necessary to comprehend the socio-economic milieu of Punjab against the backdrop of which the 2020 farm laws were introduced and to anticipate the possible outcomes of the laws.

**Farm Laws 2020**

The Indian agricultural acts, also referred to as the farm laws 2020 or farm bills 2020, were promulgated on June 5, 2020. It was passed by Lok Sabha on September 17, and by Rajya Sabha on September 20, 2020, and was subjected to immense criticism by various organizations and political groups representing the farmers’ interests. The farmers referred to these laws as ‘Death Warrants’ and strongly resisted them through mass protest.\textsuperscript{82} As soon as these bills were passed, farmers presented their disagreement and discontent with the bills by announcing a three-day-long Rail Roko (“stop the trains”) protest on September 24, 2020. Farmers with the slogan “Dilli Chalo” (“march towards Delhi”) marched and gathered around the borders of Delhi in the form of \textit{ghera bandi} (“encirclement”), on November 26, 2020, at the Singhu, Tikri, and Ghazipur borders.\textsuperscript{83} Approximately, 200,000 to 300,000 farmers converged at the sites for protest.\textsuperscript{84} Thirty-two farm unions united under the umbrella banner of Sanyukt Kisan morcha (a farmers’ union) in the protest.\textsuperscript{85} When interviewed, a farmer said that multiple leaders reduced the risk of corruptly appropriating the leader and hampering the protest. According to farmers, the laws were an attack on their \textit{pagdi} (“turban,” a symbol of respect) and an attempt to steal their \textit{virasat} (“heritage,” meaning a symbol for land).

The farm laws have been criticized for encroaching upon the legitimate domain of the state as agriculture is a state prerogative.\textsuperscript{86} According to the seventh schedule of the Indian Constitution, three lists define and distinguish between the roles and responsibilities of the state and central government. These are: the Union list (subjects under the central government), the State list, and the Concurrent list (subjects under both state and central government). According to Entry 14 of the State list, agriculture is a state prerogative; however, Entry 33 of the Concurrent list empowers the central government to intervene in legislations concerning the “production, trade, supply, and distribution of agricultural produce.” Moreover, Entry 34 of the Concurrent list allows the central government to promulgate legislation concerning “Price Control.”\textsuperscript{87} The central government invoked this provision for the promulgation of the farm laws.

The first act passed on September 24, 2020, was the “Farmer’s Produce, Trade and Commerce (Promotion and Facilitation) Act.”\textsuperscript{88} The act primarily aimed
at providing liberty of choice to farmers by hammering down on the monopoly of APMC mandis. It allowed for agricultural sale and marketing even outside the APMC mandis, promoting intra-state and inter-state trade and expanding the scope of trade by providing a network of electronic trading. It also sought to incentivize agriculture by prohibiting state governments from levying cess or market fees on farmers in case the farmer considers any other platform for trading produce. Higher price realization would become possible with an increase in the choice of markets helping the SMFs (eighty-six percent of total farmers) to sell their produce at better prices. It claimed to promote direct trade between the farmer and the private buyer. However, with the implementation of the law, the state government was expected to suffer a huge revenue loss as the revenue from the APMC mandis amounted to 8.5 percent of total state revenue. This would make the states more dependent on the central government. Professor Pritam Singh argues that such laws effectively contributed to the centralization agenda of the Bharatiya Janata Party (BJP) government. He highlights that the government, through Entry 33 of the Concurrent list, was intervening in the legitimate domain of the state. According to Singh, the government used the Covid-19 crisis to push these laws without proper discussions and proceedings to serve the interests of the corporate houses that fund the BJP government, thereby allowing for corruption, collusion, and crony capitalism. Such actions also undermined the federal rights of the state. According to him, the “One India, One Agricultural Market” is proof of the unitarist/authoritarian political nature and centralization agenda of the BJP government.

Another criticism against the law was concerned with the Minimum Support Price (MSP). MSP is a fixed and predetermined price at which the Food Corporation of India procures grains from the farmers. It works as a safety net and protects the farmers from market-price fluctuations. Farmers were concerned that the implementation of such laws may end the procurement of produce at the MSP. The laws allowed trade outside the APMC mandis, however, it would have made the APMC mandis dormant and led to reduced procurement by government agencies, only to meet the procurement targets of the government. This would establish the monopoly of corporate houses that would have resulted in procurement at incidental rates. Apart from this, MSP alone fails to ensure security for farmers without the Public Procurement System (PPS). A system of timely procurement of produce by PPS at MSP is required for the security of farmers. For instance, if the MSP is fixed but produce is not being procured by the PPS, then the farmer is compelled to sell the produce at incidental rates to private buyers.

According to the Indian government, such measures could have abolished the stronghold of the arhtiya working as commission agents at the mandis, and hence the farmers would no longer be responsible for paying any kind of commission to the arhtiya, which amounted to one to two percent, resulting in a better price realization. However, these arhtiyas also practice moneylending and provide other marketing and sales-related services to the farmers. The government did not
provision any alternative credit assistance system or sales assistance system in place of the arhtiya. This would have only abolished the arhtiyas as middlemen, but not as moneylenders or service providers, and would have failed to provide financial relief to farmers in the long run.

In an interview with Balbir Singh Rajewal, a prominent farmers’ protest leader, he mentioned that arhtiyas are an essential link in the agricultural marketing system and discarding them would destabilize the system. He asserted, that arhtiyas are not “Vicholiyas” (middlemen) but “Service Providers.” They provide services such as negotiating deals, packaging, and transferring stocks of grains, etc., and charge a 2.5 percent commission.97 There is no doubt that services are provided, but the arhtiyas also act as extortionate moneylenders and resort to the cartelization and politicization of APMC mandis, which is exploitative in nature.

Apart from this, another discontent amongst the farmers was regarding the grievance redressal mechanism. Besides being highly time-consuming, it did not address the matter of delayed payment from the buyer to the farmer, thereby affecting his survival. Professor Gaurang Sahay highlighted the case of a farmer from Madhya Pradesh, whose family was barely surviving on cauliflower due to a delay in payment.98 Moreover, the farmers and the big corporate houses do not operate at the same level, which would have left farmers without bargaining power and resulted in unfair settlements.99 Renda et al., in their research based on the European Union, argue that the bigger corporations exercised unfair trade practices (UTPs); however, due to the “Fear Factor” of losing trade, the farmers refrained from legally contesting for their rights.100 In response to this report, the European Commission and the governments of the Netherlands and Romania acknowledged the existence of the “Fear Factor” amongst the farmers.101

In chapter 5 of the act, under the miscellaneous section, and in sub-sections 12, 13, and 15, the right of the farmer to approach any civil court in times of dispute was also denied. It also provided an easy escape for traders from civil lawsuits. Moreover, it increased the chances of fraud and disputes by extending protection to the trader or corporate institutions from any legal action. An attempt to deregulate the APMC in 2006 failed to improve farmers’ income; rather, cases of fraud were registered.

A major concern was the absence of details about the MSP in the laws. The MSP on grains was decided in accordance with suggestions provided by the Commission on Agricultural Costs and Prices.102 In the regions of Punjab and Haryana, more than 60 percent of wheat was obtained by the FCI and state agencies, at a fixed MSP. Therefore, negligence over standardized MSP could prove to be disastrous to farmers because the buyer would then be vested with the freedom to procure produce at unfair prices.

The second act was the “Farmers’ [Empowerment and Protection] Agreement in Price and Farm Services Act, 2020.”103 The act provided a national framework for contract farming and it outlined the legal framework for written
agreements or contracts between farmers and companies. According to this contract, the farmer was supposed to enter into a written agreement before the production of the farm produce, of a predetermined quality. The union government had claimed that implementing the act aimed at transferring the risk of market fluctuations from the farmer to the corporate houses. The case of Adivasi farmers of Rajasthan suffering from corporate exploitation also stands witness to the exploitative nature of contract farming. The nature of the contract was inherently biased. It was a one-sided arrangement that favoured the dominant over the weak in a commercial arrangement. It shifts the risk of damages from the sponsor to the farmer, under the conditions of a loss. Corporate management can terminate the contract unfairly through specific clauses and terms in the contract by levying penalties and manipulating quality standards.

In Thailand, a company in contract with farmers for rearing chickens imposed levies on farmers to compensate for the chicken mortality rate. Uneducated farmers who lack bargaining power and expertise easily fell prey to UTPs. Similar instances were also reported in the European Union. During their research on UTPs in the dairy farm sector in the European Union, economists, Federica Di Marcantonio, Pavel Ciaian, and Jan Falkowski identified 29 various types of UTPs. According to Marcantonio’s survey, ninety-three percent of the farmers were victims of at least one UTP, while approximately half (forty-six percent) of farmers reported being victims of three UTPs.

The union government also asserted that with the intervention of the private sector investment, farmers could access a broader range of modern technology and better inputs, which would increase productivity. The farmers would be provided with improved planting materials, like genetically modified seeds and improved fertilizers, by the processing agro-industries. However, such claims did not benefit farmers in the past, where techno-modernist improvement without proper pre-determined risk calculations had led to violence and distress rather than growth and improvement, during the GR. In many cases, uneducated farmers failed to accommodate complex modern technology. It was difficult for them to understand and operate the highly advanced technical machinery. For instance, in Fiji, tobacco growers were asked to cure the tobacco themselves with the help of technology rather than selling it fresh in the market. This caused a loss for the farmers as they could not operate such technology with expertise in continuity.

Another contentious issue during the farmers’ protest in India was the lack of criteria for price fixation and determining the quality of the produce. The laws did not specify any standardized quality evaluation framework that would consider a range of scientific and natural processes, character expressions (such as grain size, color, weight, etc.), and variability that is beyond human control. This passed the authority of judging the produce to the hands of the corporate houses, increasing the risk of rejection based on quality issues. Thereby creating space for corruption with the threat of rejecting the produce on fair or unfair grounds by the
officials. It would also have left farmers with tons of produce to sell, but no buyer to procure. Also, uneducated farmers would not be able to understand the terms and conditions of a contract, leading to further potential exploitation. Moreover, heavy penalties were to be levied in case the legal challenge in the dispute failed. Such penalties could have varied anywhere from Rs. 10,000 to Rs. 100,000, if the contract was contravened.109 Under such conditions, uneducated farmers would not have dared to challenge the might of the corporate bullies. Without any infrastructure for educating or training the farmers in place, the entire vision of progress and reform would have only proved to be a sham, culminating menace to the already adversely affected agricultural fabric.

The anatomy of the dispute settlement framework put forward was supposed to operate at three levels: a conciliation board, a subdivision magistrate, and an appellate authority. However, any action taken by the subdivision authority or the appellate authority could not be challenged, as their actions were to be shielded from any legal action under the umbrella clause of “good faith.” This would have impaired and handicapped the judicial examination over the administration for malfunctioning. Moreover, not only would it deny judicial intervention, but it would have also exposed farmers to the perils of crony capitalism.

The third act, entitled “The Essential Commodities Act,” was introduced as an amendment, adding subsection [1A] to section [3] of the 1955 act.110 According to the amendment, the central government would possess the right to regulate the production and trade of commodities under unexpected circumstances (like natural calamities), through a notification in the Official Gazette of India. According to the amendment, stock limits on produce would be regulated by the central government based on price fluctuations to prevent the hoarding of produce and promote private sector investment. However, it would only be regulated if there was a 100 percent rise in the market price of horticulture produce; or a 50 percent rise in the market rate of non-perishable foodstuffs. In the case of any rise below 50 percent, the stock limit would not be applicable. This would lead to the continuous hoarding of foodstuff, resulting in an artificial price increase. Such trends had been visible in the price of pulses and edible oils. This provision also allowed corporate chains to stock produce through massive procurement leading to the hoarding of produce during the harvest season. Thereby, creating artificial scarcity that would result in an artificial price increase and black marketing, adversely affecting the consumers.

After a long protest of approximately eighteen months, Prime Minister Narendra Modi announced the repeal of the laws on November 19, 2021. The farmers continued the protest until the laws were officially discarded. Later, the farm bills were officially repealed on November 30, 2021, and later received approval from the President of India.111
Suggestions by Committees
Several suggestions have been provided by agencies like the Reserve Bank of India and the Swaminathan Committee to address concerns in the agrarian sector. The proposed recommendations by RBI (in 2019) included: an increase in institutional credit; financial inclusion of maximum agricultural households through technological solutions; providing loans through PSBLoanIn59minutes; loans for consumption needs; and the digitization of land records (via e-NAM, Kisan app) to avoid illegal evictions. Moreover, according to the RBI report, the number of operative Kisan Credit Cards (KCCs) issued was 66,200,000, but according to the 2015-16 Agricultural Census, the number of landholdings were 145,000,000. This implies that only 45 percent of farmers owned KCCs. Since one farmer can avail multiple KCCs, the number of KCCs issued becomes an unreliable indicator of the number farmers benefiting from the credit scheme. This indicates the insufficient reach of the institutional credit system and its failure to provide relief to poor farmers. Such schemes are usually exploited by wealthy farmers and landlords by availing multiple cards. In 2004, the Swaminathan Committee suggested, the “recognition and distribution of ceiling surplus and wastelands”; reforms providing access to water, and “a million wells recharge” program to improve irrigation facilities; crop insurance for security to farmers; crop loans at low-interest rates; establishing guidance centers such as Village Knowledge Centres for training and observing suicidal behavior; implementation of MSP on varied agricultural products; post-production services to be provided by APMCs; and the creation of non-farm employment opportunities.

Conclusion
Expanding production and scale-neutral innovations have strengthened the capitalist mode of production in Punjab. However, farmers became increasingly debt bonded to the arhtiya in Punjab with the advent of the GR. The GR proved to be an illusion that did not sustain the test of time. It was not only harmful to India, but also to many other developing countries. With the advent of the GR in India, arhtiya came to occupy a major share of the credit apparatus due to the shortcomings of the institutional credit dispensation system. The Arhtiya-Trap and the shortcomings of state machinery deprived the SMFs of availing the advantage of contingent economic fluctuations in a trade cycle for better price realization.

The implementation of farm laws attempted to eradicate the arhtiyas. However, doing so would have led to the gradual demise of the APMC mandis and could have introduced a bigger corporate monopoly in the sector. Keeping in mind the inefficiency of the institutional credit sector, it can be argued that implementing the Agricultural Laws in 2020 would not have significantly benefitted farmers for many reasons. First, the laws did not specify any credit assistance mechanism despite the unavailability of institutional credit. Second, even if corporate agencies (directly involved in the procurement process) or other finance corporations facilitated credit
assistance, still the high interest rates they set would not have provided considerable relief from financial burden to the farmers. Third, the SMFs and the tenant farmers without collateral assets (for example, land) would have not been able to procure loans from private firms. Apart from this, if farmers approached the arhtiya for consumption loans, which would not be offered by the private sector, they would have allowed the arhtiyas to maintain their role as moneylenders.

Corporate institutions would practice both monopoly and monopsony, while resorting to extensive profit extraction through unfair deals and procurement at preferred incidental rates, while taking advantage of farmers’ inability to identify and challenge the exploitative and unfair nature of the contract system. Provisions, like “contract farming” in the farm bills would create space for exploitation by relative ignorance and a lack of expertise on the part of farmers to articulate and understand the nuances of a contract. A similar case of exploitation in the seed approval system was reported by the Adivasi farmers of Rajasthan. The quality inspection framework of the Bt-cotton seeds was controlled by inspection agents who were also involved in corruption and exploited the farmers.

The one size fits all model does not apply to the agricultural sector due to an element of unpredictability of seasonal variations every year. While keeping in mind the inefficiency of institutional credit and problems such as farmers’ suicides, rural unemployment, caste hierarchy, monopolization, and rural sociological and environmental factors (both intrinsic and extrinsic to an agricultural household), it is necessary on the part of the state to resolve these issues before the introduction of such laws. The government should establish more bank branches in local areas in order to ensure deeper proliferation of credit disposal schemes and to increase the reach of institutional credit to provide relief SMFs. The government must ensure a deeper proliferation of credit disposal systems and the establishment of centers for spreading awareness and knowledge about the same.
NOTES

5 Prakash Kumar, “Modernization and Agrarian Development in India, 1912–52,” 636.
13 P.S. Appu, “Tenancy Reforms in India,” *Economic and Political Weekly* 10, no. 33-
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Due to a lack of resources, poor farmers were unable to contest for their rights in court. According to the report of the National Commission of India, August 1966, the total number of tenants-cum-owners was 583,400. However, according to Punjab government report in 1964, it was 80,250. Such a gap indicates eviction of tenants.

The ceilings were applied to individuals and not to the family as a unit, until before the 1972 Punjab land reform act. The reform excluded digs and depressions, fishery tanks, tea and rubber plantations, land used for cattle and dairy farming, charitable, institutional, and religious institutions, which provided an escape to the landlords.

Gill quoted, “agriculture minister, development minister, parliamentary secretary, the assembly speaker, Congress MPs, members and founder members of the Punjab state assembly, a former Akali minister and also a prominent leader of CPI(M), education secretary, some senior police officials, and several provincial civil service officers, acquiring land under names of family members.” Gill claims that in 1972 Punjab, post revision of ceiling limit, 500,000 acres of land was expected to be declared surplus. However, by June 1976, only 1,957 acres were declared surplus. Approximately 374,000 acres that the government of India received after rehabilitation of refugees to Pakistan was supposed to be redistributed amongst abad-kars, but was disposed to influential elites through illegal deals.


Susan R. Walsh Sanderson, Land Reform in Mexico: 1910-1980 (Studies in Social
34 Richa Kumar, “India’s Green Revolution and Beyond: Visioning Agrarian Futures on Selective Readings of Agrarian Pasts,” Economic and Political Weekly 54, no. 34 (2019): 44.
40 Pritam Singh, Federalism, Nationalism and Development: India and the Punjab Economy (United Kingdom: Routledge Contemporary South Asia Series, 2008), 5. Singh notes that Punjab became one amongst the top three states with regard to per capita income post-1947. According to Singh, special loans of around 23,000,000,000 rupees were allocated to Punjab in the year 1984 as a response to combat the political disturbances in Punjab, which only increased debt in Punjab. It was done to curb regional inequalities, but culminated in resentment and violence.
41 Shinder Purewal, Sikh Ethnonationalism and the Political Economy of Punjab (Ontario: Queen’s University 1998), 84. He has mentioned that Punjab, in 1965-66, came eighth in industrial production having a share of 4.1 percent, however, by 1977-78, it spiraled down to the tenth with only 2.8 percent.
43 Kapil Kajal, “Fears for farming as groundwater plummets in northern India,”
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55 A.R. Vasavi, “Suicides and the making of India’s agrarian distress,” *South African Review of Sociology* 40, no. 1 (2009): 7. According to Vasavi, from the Green Revolution technology to the introduction of genetically modified seeds “induce increasing dissonance in the knowledge and know-how of agriculturists.” The farmers practicing traditional agricultural methods are untrained to properly subscribe to such modern technology, left confused about which knowledge to rely on, leading to dissonance. Vasavi uses the term “agricultural individualization” to indicate the “disembedding of the shared social and cultural basis of agriculture and the integration of the individual agriculturist as an individual player into the market economy.”


64 All India Debt & Investment Survey. Ministry of Statistics & Programme Implementation (New Delhi, 2013). The report indicates that the non-institutional sources accounted for 90 percent of the outstanding debt.


66 All India Rural Fiscal Inclusion Survey 2016-17, National Bank for Agriculture and Rural Development (2017), 111. According to the survey, the shares of credit dispensation agencies are “61% institutional sources, 30% non-institutional sources, 9% both.”


69 “Arhtiya Trap”. I have used this term to denote all the processes and practices undertaken by arhtiyas in the village community that has systematically deprived the rural masses of availing any benefits of economic variables or political reforms. Not just this but also the pattern in which they have bonded the small and marginal farmers into the cycle of perpetual indebtedness by not just controlling credit dispensation but also offering services for day-to-day requirements of the farmers, like controlling ration shops, rural affairs, dispute matters, panchayats, etc.


71 Rudra, “Class Relations in Indian Agriculture - 1,” 920.
72 D. N. Dhanagare, “Green Revolution and Social Inequalities in Rural India,”
74 Rudra, “Class Relations in Indian Agriculture: III,” 999.
76 Alice Thorner, “Semi-Feudalism or Capitalism? Contemporary Debate on Classes and Modes of Production in India,” Economic and Political Weekly 17, no. 51 (1982): 2063. Omvedt is cited highlighting eight points that imply capitalist developments in India.
79 Lin, “Theory of a Dual Mode of Production in Post-Colonial India,” 524.
80 Rudra, “Class Relations in Indian Agriculture: I,” 922.


Singh, “BJP’s Agrarian Agenda: Strengthening Agro-business Capitalism and Weakening Federalism.”

Singh, “Centre’s Agricultural Marketing Reforms Are an Assault on Federalism.” https://thewire.in/agriculture/agriculture-marketing-reforms-federalism.


The Commission considers several factors and fixes the MSP on the food grains for the year. These include the demand-supply ratio, method of production, international and domestic market price fluctuations, and that it should be at least equal to 50 percent of the cost of production.


In such cases, the finance companies that agreed to offer loans charged very high interest rates.

The arhtiyas provided consumption loans hassle-free without much demand for a collateral asset.

Rajat Panwar, “Perils of contract farming,” *The Hindu*, December 24, 2020,