

# International Implications of India's Farm Laws



[Sikh Human Rights Group](#)

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## Introduction

*"This is a death warrant for small and marginalised farmers. This is aimed at destroying them by handing over agriculture and market to the big corporates. They want to snatch away our land. But we will not let them do this," Sukhdev Singh Kokri, a farmer*

The Indian Farms Reforms of 2020 refers to the Agricultural Bills passed by the Lok Sabha (or House of People, the lower house of the bicameral Parliament of India) on 17th September 2020, and by the Rajya Sabha (or the Council of States, the upper house of the bicameral Parliament of India) on 20th September 2020. The three new laws aim to deregulate Indian agriculture, by encouraging farmers to sell directly to companies. The government has long been a middleman, guaranteeing minimum prices for certain crops. The laws say farmers will still have price assurances, but the language is vague, and farmers are nervous about losing government support.

Taken together, the reforms will loosen rules around sale, pricing and storage of farm produce - rules that have protected India's farmers from the free market for decades. They also allow private buyers to hoard essential commodities for future sales, which only government-authorized agents could do earlier; and they outline rules for contract farming, where farmers tailor their production to suit a specific buyer's demand. The protests have been the strongest in Punjab and neighbouring Haryana state, where the mandi system is strong and the productivity is high - so only the government has been able to buy that volume of produce at a set price.

One of the biggest changes is that farmers will be allowed to sell their produce at a market price directly to private players - agricultural businesses, supermarket chains and online grocers. Most Indian farmers currently sell the majority of their produce at government-controlled wholesale markets or mandis at assured floor prices. The reforms, at least on paper, give farmers the option of selling outside of this so-called "mandi system", but in practice this will leave the farmers worse off.

These 'Reform Bills' while directly impacting on small scale farmers in some regions of India, will have far reaching consequences for the rest of the world, in small scale farming, employment, environment and food security.

### What is the issue?

Besides the question as to whether the farm laws are even [legal](#), farmers are concerned that the new reforms will eventually put an end to wholesale markets in India, and assured prices. This would leave them with no back-up option if they are not satisfied with the price the private buyer has to offer; they cannot return it to the mandi or use it as a bargaining chip during negotiations.

Despite the government claiming the mandi system will continue, and they will not withdraw the Minimum Support Price (MSP) the farmers have their doubts. Due to how the powers in the Indian Constitution are established in [Article 13.4](#) and [Article 368](#), it means that the

fundamental rights the Indian citizens have can be revoked by parliament, meaning the Indian government could go back on their claim to continue the mandi system and the promise to not withdraw the MSP. Farmers are angry over the laws not assuring them the MSP and they claim that the new laws would leave them at the mercy of the private corporate companies, who could replace the government agencies in procuring their agricultural produce.

Not only are these new reforms detrimental to the Indian farmers, but there are also wider implications to be aware of. There is the fear that India is being used as a laboratory for big money/ large scale farming and worry that other countries will soon follow in India's footsteps. Some government leaders find that the potential money to be earned from large scale farming is too tempting to ignore, even if it means leaving their own farmers jobless and in poverty. This document will explore some of the wider impacts this reform could bring to the rest of the world, through the environmental damage, the sociological implications and knock-on effect to small farms elsewhere in the globe such as Europe, who are already facing extinctions. It will end with a brief summary on why we should support small farmer and resist large scale farming, and why we need to spread awareness about what is happening in India to ensure it does not happen anywhere else.



## Environmental Impact

There are already a number of case studies worldwide that shows the negative impact 'Big Money Farming' has on the environment. When agricultural operations are sustainably managed, they can preserve and restore critical habitats, help protect watersheds, and improve soil health and water quality. But unsustainable practices have serious impacts on people and the environment. The worry the new reforms in India brings, is the unsustainable practices that will come from industrialised farming. The Indian landscape is in great condition for the small scale farming it is currently practicing, however, large scale farming done by big companies completely destroys the land and henceforth makes it unfertile after a few years.

Though they may be able to produce more in a shorter period of time, the lasting impacts are detrimental.

### Pollution

When countries move from small farming to big money/ large scale farming, there is a mass increase in the use of Pesticides, fertilizers and other toxic farm chemicals that can poison fresh water, marine ecosystems, air and soil. These can remain in the environment for generations. Many pesticides are suspected of disrupting the hormonal systems of people and wildlife. Fertilizer run-off impacts waterways and coral reefs.

### Land Conversion

Agricultural expansion is a major driver of deforestation and other ecological destruction, decimating habitats and biodiversity. Oil palm displaces lowland forests in Indonesia while soy production damages the Cerrado and Atlantic Forests of Brazil and Paraguay. Loss of forests and unsustainable farming practices lead to extreme erosion. During the past 150 years, half of all agricultural topsoil has been lost.



### Climate Change

Many farming practices—such as burning fields and using gasoline-powered machinery—are significant contributors to the build-up of greenhouse gases in the atmosphere. The Food and Agriculture Organization of the United Nations (FAO) contends that the livestock sector alone is responsible for 18% of all greenhouse gas production. Additionally, clearing land for agricultural production is a major contributor to climate change, as the carbon stored in intact forests is released when they are cut or burned.

Large-scale, industrialised farming focuses on intensive single crop production, mechanisation, and depends on fossil fuels, pesticides, antibiotics, and synthetic fertilisers. While this system yields high production levels, it also contributes to climate change, pollutes air and water, and depletes soil fertility. Agriculture is a significant source of

air pollution, which contributes to a range of respiratory and cardiovascular conditions. The industrial-scale, conventional system endangers farm workers and owners, who regularly face serious occupational hazards and limited access to health care.

## Sociological Impact

*"First, farmers will feel attracted towards these private players, who will offer a better price for the produce. The government mandis will pack up meanwhile and after a few years, these players will start exploiting the farmers. That's what we fear," - Multan Singh Rana, a farmer in the northern state of Punjab*

### Jobless

India has the largest population of illiterate adults in the world, totalling an estimate of 287million in 2015. This in therefore makes getting a secure job difficult, on top of the fact that India is renowned for its contract employment, meaning there is much uncertainty surrounding an individual's income and what their next job will be. Small farmers in India are reliant on their sales to mandis and the MSP from the government.

### Poverty

Farming is the only viable livelihood option for three-quarters of the world's extremely poor people. Subsidies provided by U.S. and European governments to their agriculturalists encourage overproduction, which drives down world prices and forces many producers in developing countries to cut corners environmentally. Producers facing declining harvests from cleared lands expand into surrounding wild lands that are rich in biodiversity, resulting in a cycle of increasing poverty and biodiversity loss.



### Humanity

Although about 1 billion poor people worldwide derive at least some part of their livelihood from domesticated animals, the rapid growth of commercialised industrial livestock has reduced employment opportunities for many. In developing countries, such as India and China, large-scale industrial production has displaced many small, rural producers, who are under additional pressure from health authorities to meet the food safety standards that a globalised marketplace requires.

Beef, poultry, pork and other meat products provide one-third of humanity's protein intake, but the impact on nutrition across the globe is highly variable, according to the report. "Too

much animal-based protein is not good for human diets, while too little is a problem for those on a protein-starved diet, as happens in many developing countries," Mooney noted.

Human health also is affected by pathogens and harmful substances transmitted by livestock, the authors said. Emerging diseases, such as highly pathogenic avian influenza, are closely linked to changes in the livestock production but are more difficult to trace and combat in the newly globalised marketplace.

## Risk to Small Farms Internationally

*"With... a fundamental shift in the functions of livestock, there is a significant danger that the poor are being crowded out... and global food security and safety compromised." World Bank (2001)*

Large scale farming in India will create more competitions for the small farmers around the world and the big companies will be able to offer cheaper prices and larger volumes that small farms cannot compete with.

### Priced Out of the Market

In 2011, the United Nations Food and Agriculture Organization (UNFAO) stated that food prices had been driven upwards in recent years, due to 'longer-term economic growth in several large developing countries. These countries put upward pressure on prices for petroleum and fertiliser because of the resource-intensive nature of their economic growth and led to increased demand for meat, and hence animal feed, as diets diversified.' The issue with this is, as the prices of fertilizer and other resources required for farming increase, the small farms cannot afford to buy them by comparison to the large-scale industry farming companies. This therefore means small farms have to charge more as they have paid more for farming essentials and the large-scale farming industries are able to change less by comparison to the small farms.



### Europe

Across Europe small farms are disappearing. They struggle to compete with large multinational agro-businesses, they are under pressure from land grabbing, and they face serious challenges to secure public support, as they are often considered unviable and outdated.

Despite the consolidation processes that have been ongoing in the European farming sector for decades, small farms still make up the majority of European farms. More than two thirds of all farms in Europe have less than 5 hectares of agricultural

land, and more than half have a Standard Output of less than 333 euros per month, before production costs are even deducted. Small farms are therefore a crucial part of the European agricultural system. Nevertheless, their numbers are declining. While in 2005 still more than 70% of all farms in the EU-27 worked on less than 5 hectares, by 2013 this number had fallen to just over 65%.<sup>3</sup> In Romania, to give just one example three family farms disappear every hour.

## Benefits of Small Farms



Small scale farming on the left, where the land is divided by trees and hedges, compared with industrial farming on the right. Woodland patches and hedgerows are essential components of the agricultural ecosystem. Industrial farming will cut down these woodland patches and hedges and this loss may reduce ecosystem service provision and biodiversity in both livestock and arable systems and may also have a negative influence in certain terms on productivity.

### Small-scale farming promotes communities.

Small farms renew a link between the food people eat and the land they live on. If your food comes from a farm down the road, you can see the plants as they sprout and look forward to the food of a season. It is also a reminder that human hearts and hands work to make the food you eat, not just a corporate label. The Localism Index created by Stacy Mitchell informs us that 63% of customers in a farmer's market actually stop and talk to other customers, as compared to 9% in the conventional supermarket. Though the direct causes for this difference are ambiguous, it is worth considering. Small farms can also work together to become more competitive in the current agricultural market. Such cooperation creates communities amongst farmers and between farming families, recreating the image of farming communities before industrial revolutions.

### Small farms create jobs

In India employment in agriculture (% of total employment) was reported at 41.49 % in 2020, according to the World Bank. Given that nearly half of the Indians work on farms, the benefits from small farming in India and around the globe are remarkable when it comes to employment, particular for people who live in rural areas and have limited literacy skills.

### Small farms improve the health of the land

Smaller farms around the world grow a wider variety of plants, rather than monocultures of corn or soy. Natural systems are typically stronger when they have a greater diversity of species, if a disaster strikes the farm system, there is a greater chance that there will be crop species that can survive the disaster and so there is less economic risk to the farmer. Diversity of crops also improves the quality of the soil, as different plants use and replace different soil nutrients. Smart planting thus reduces the amount of fertilizer needed. Crop diversity also reduces the threat of pests and so also the amount of pesticide used.

### Small farms improve the health of people

Local and regional farms provide people with seasonal, unprocessed fruits and vegetables. The availability of fresh, healthy food could serve as an alternative to the average unhealthy more Western diet, which currently consists mostly of corn and wheat in different forms.

### Small-scale farming provides a foundation for a more resilient food system

If any single farm has a poor season, Indians could still obtain fresh food from other local or regional farms in the area. In this way, economic risk is spread and we all can experience greater food security. However, if a large-sale farming industry were to take over then the risk would be higher if there was a poor season, as more land owned by that company would be affected and there would be fewer alternative options.

## Conclusion

The impacts for the Indian Farm Reforms stretch wider than the Indian Farmers, there are clear threats to the environment, sociological wellbeing and small farmers around the globe. If we do not act now the environment, livelihood of Indian farmers, small farmers globally and potentially the lives of citizens in poorer countries who are next in line for their land to be turned into an industrial farming site, are at risk.

It is no new news that the world needs to start putting the planet and people before profit and these new farming reforms in India are twenty steps backwards. There is an abundance of benefits to small farming and though the farming laws in India as they stand are far from perfect, the new reforms are not the answer.

The worry is that India is an experiment and that the Corporates around the world are looking at how it will play out. If the Indian government succeeds in deregulating farming in India and letting corporate sector to drive out small farmers in large numbers, other countries will follow suit. What is happening in India today, will happen around the world. It is a threat to around half a billion small farmers globally. It will affect some of the world's poorest people and destroy the planet. Please take action now and support petitions in support of small farmers.

## Glossary

**Mandi:** Agricultural produce market committee

**MSP:** Minimum Support Price. It is a “minimum price” for any crop that the government considers as remunerative for farmers and hence deserving of “support”. It is also the price that government agencies pay whenever they procure the particular crop.

**Industrialised Farms:** Industrial agriculture is the large-scale, intensive production of crops and animals, often involving chemical fertilizers on crops or the routine, harmful use of antibiotics in animals (as a way to compensate for filthy conditions, even when the animals are not sick)

**Small Farms:** USDA defines a small farm as an operation with gross cash farm income under \$250,000. Within that group are commercial and non-commercial farms. The number of small commercial farms – with sales of \$10,000 to \$250,000 – actually fell between 2002 and 2007. However, in most countries small farms are much smaller than this definition, ranging from 2 to 10 hectares.

**USDA:** United States Development of Agriculture

### [The Indian Farms Reforms of 2020 refers to the Agricultural Bills:](#)

1. Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020.
2. Essential Commodities (Amendment) Bill, 2020
3. Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020

### [Constitution of India](#)

Article 13 of fundamental rights in fact also provides to take away these rights

13. Laws inconsistent with or in derogation of the fundamental rights —

- (1) All laws in force in the territory of India immediately before the commencement of this Constitution, in so far as they are inconsistent with the provisions of this Part, shall, to the extent of such inconsistency, be void.
- (2) The State shall not make any law which takes away or abridges the rights conferred by this Part and any law made in contravention of this clause shall, to the extent of the contravention, be void.
- (4) Nothing in this article shall apply to any amendment of this Constitution made under article 368.

Article 368

368. Power of Parliament to amend the Constitution and procedure therefor.

- (1) Notwithstanding anything in this Constitution, Parliament may in exercise of its constituent power amend by way of addition, variation or repeal any provision of this Constitution in accordance with the procedure laid down in this article.

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