

# **India: BJP's Agrarian Agenda : Strengthening Agro-business Capitalism and Weakening Federalism**

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**The current Bhartiya Janata Party (BJP) government's agrarian agenda of supporting entry of big agro-business corporations (especially those close to the ruling party) in Indian agriculture and weakening further the already weakened structure of federal devolution of economic and political power in India has been in the making but it came out most clearly in the three ordinances the central government brought on 5 June 2020 in the name of agricultural marketing reforms. These ordinances were: Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020; Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020; and Essential Commodities (Amendment) Ordinance, 2020. These ordinances relating to trading and pricing of agricultural products have now become Acts after having been passed as bills by India's Parliament and approved by the President of India. The farming policy of the present BJP-led government as articulated through these enactments constitute a watershed moment in reflecting this government's agenda in favour of deepening the entry of agro-business capitalism and that of increased centralised control of agriculture in India. The opposition to these bills has emerged from three quarters: first, from the farmers' organisations fearful about the survival of farming communities as a result of agro-business corporations' takeover of the farming sector; second, from state governments fearful about increasing central intrusion into states' federal rights over agriculture; and third, from regional parties fearful about these bills further empowering the several aggressive centralist attacks of this government on regional identities and aspirations.**

The haste with which first the ordinances and now the bills have been rushed through provide a reasonable clue to the government's economic and political agenda on the issue. There is no food emergency in the country that could have required the government to act with such haste as it has. It can be inferred, therefore, that agro-business interests that fund and support the BJP must have impressed upon the government to use the opportunity of health emergency created by COVID-19 to get these enactments done quickly without much notice and critical evaluation. [1] The government, it seems, had not anticipated the scale of opposition that these farming measures have provoked.

What happens to that opposition, now in the extra-Parliamentary domain, and how the government responds to that will be decisive in shaping not only the political economy of agriculture in India, but also that of democracy, federalism, and pluralism in India. The confrontation between the centre and multiple forms of opposition to it on these farming initiatives is sharpening by the day after the passing of these bills. Additionally, the state governments in Kerala, Punjab, and West Bengal are planning, each in their own way, to put up a legal challenge to these bills in the Supreme Court. If the Court strikes these bills as violative of India's Constitution, perhaps on the issue of the centre's right to legislate on an agricultural matter while agriculture is a state subject, the whole issue will

acquire a different significance. In addition to this purely legal sounding challenge, the politico-legal- constitutional challenge to these farm laws has been the legislative action of three non-BJP state governments in Punjab, Chhattisgarh and Rajasthan in passing laws in their respective state assemblies rejecting these three central laws and passing their own state laws (similar in content) on the issue covered in these central laws.

### **Why are the Farmers Opposed?**

The central objective behind the three Acts —the Farming Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, and Essential Commodities (Amendment) Act, 2020—is to encourage private investment by agro-business corporations from home and abroad into production, processing, storage, transportation, and marketing of agriculture products within the country and abroad. The lobbying for foreign direct investment (FDI) into Indian agriculture by multinational agro-business corporations has been going on for quite some time. There already has been some FDI in Indian agriculture, especially in contract farming for some products, but these enactments are opening the way for a major push for FDI in agriculture. Marketing reforms are, therefore, crucial components of these enactments.

The language the government is using to defend these initiatives is that these are aimed at increasing the choice and freedom of the farmers to sell beyond local mandis, that is, notified APMC (agricultural produce market committee) market yards and the state boundaries. The government's aim, through its massive media campaign by using this language, is to make this policy initiative acceptable to the farming community. However, the real freedom which is being increased is that of big agro-business corporations, both from within India as well as from outside. The worst hit would be the marginal, small, and medium farmers whose bargaining power against hugely resourceful big corporations would be so tiny in reaching any contract regarding pricing and implementing such contract that such farmers would turn out to be economic slaves to the tentacles of the designs of big corporations.

The Farming Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 mentions wheat, rice, sugar cane and cotton, along with other products that are covered under this bill. These are the main products in the agriculture sector of Punjab and Haryana, the two major food producing states. The mechanism for "Dispute Resolution" between a farmer and a trader as stipulated in the Act is heavily loaded against the farmer due to the unequal relations of power which, in reality, exist between a farmer (especially marginal, small, and medium farmer) and a trader, especially if the trader is a big agro-business entity. The dispute can be taken through various stages of the administrative/legal process, starting with the sub-divisional magistrate.

A dissatisfied farmer with limited resources, knowledge, and time, however, would not dare to challenge the legal prowess of powerful corporate entities who can hire expensive lawyers. The threat of penalty stipulated in the Act, if a legal challenge in a dispute fails and the contract is viewed as having been contravened, would further make any farmer extremely fearful about challenging a powerful corporate entity which due to its financial clout can afford to take the risk of paying a penalty. Depending upon the nature of contravention of a contract, the penalty would be anywhere between ₹25,000 to ₹10,00,000. If the contravention continues, a further penalty between ₹5,000 and ₹10,000 per day can be imposed. Leave aside a small farmer, even a big farmer would fear such massive penalties in a case of failure in dispute resolution and would not dare to challenge a corporate entity.

There is no provision in the bills on the continuity of the Minimum Support Price (MSP), which is mainly relevant for wheat and rice; the two major food crops grown by Punjab and Haryana and, to a

lesser extent, by some of the other states. The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, instead of stipulating MSP, merely mentions “remunerative price” to be agreed by a farmer in a contract with “agri-business firms, processors, wholesalers, exporters or large retailers.” Such a contract must also specify the “quality, grade and standards” of the product to be sold by the farmer. The wording of the provision for changing or terminating the agreement raises fears about further vulnerability of the farmer. Section 11 of the Act states: “At any time after entering into a farming agreement, the parties to such agreement may, with mutual consent, alter or terminate such agreement for any reasonable cause.” With unequal power relations between a farmer and an agro-business firm, the consent of a farmer to changing or terminating a contract can be subjected to powerful economic and non-economic pressures. The mechanism for dispute resolution on the contract regarding price and quality of the produce is also stacked against the farmer.

Once it became publicly known that the MSP is being abandoned, the fear that outrightly abandoning the MSP for wheat and rice, apart from alienating the farming communities in the wheat and rice producing states, might jeopardise government procurement targets, which can then lead to insecurity for food availability and social unrest in food deficit areas, many government spokespersons have been indulging in damage limitation by making announcements that the MSP would be continued. Even if these announcements are reluctantly trusted and the MSP is not abandoned temporarily due to strategic reasons, it should be kept in mind that the MSP would be used for paying the farmers only to the extent that it ensures the fulfilment of procurement targets decided by the government. Once this target is achieved, there would be no need for the government to purchase more. After that, the farmers, by losing this support structure, would become vulnerable to the market fluctuations to push the prices of their products downwards due to excess supply beyond the procurement targets.

It is not beyond the realm of possibility that in the beginning, for a couple of years, the central government may encourage and incentivise big agro-business traders to offer a higher price to the farmers than the one available in the APMC market yards. Once the APMC trading structures are destroyed through this rigged competition, the farmers would be completely at the mercy of the big traders who would exploit the newly increased vulnerability of the farmers.

My reading of many initiatives, including these latest ones of this government, in the sphere of agriculture is that their aim is to so weaken the economic sustainability of the marginal, small, and medium farmers that they are forced to do a distress sale of their lands to large agro-business corporations, domestic and foreign. Such farmers, dispossessed of their tiny holdings, will turn into wage labourers. The excess supply of such labourers in the rural economy and, through economically forced migration, in the urban economy will push down wage rates and would lead to increased profits of agrarian and urban capitalist enterprises. This is the hidden meaning of the word “transformation of agriculture” being used in selling this latest initiative.

The farmers’ resistance to these Acts, as demonstrated through the massively successful Bharat Bandh on 25 September, may turn out to be the biggest political challenge the BJP has faced since coming back to power in 2019. In the event of increased confrontation between the farmers’ movement against the Acts and the government, it is possible that the government may use the same tactics to suppress the farmers’ organisations as it has used against other opponents, namely, calling left-wing dissidents as Naxals, Muslim-background activists as “terrorists” and Sikh-background opponents as “Khalistanis.” That there are already some pro-government individuals using the tag of Naxals and terrorists for farmer activists suggests that this might reflect one line of the government’s strategy. However, the government may not pursue this course of action because this may backfire due to the massive public support the farmers’ organisations enjoy in all states, though unevenly. The government may, instead, selectively target only left-wing farmer activists by

branding them as Naxals or Naxal-supporters. The mode of response of the broader farmers' movement to such selective repression would test the political maturity and the culture of solidarity of the farmers' organisations.

### **Why are the States Fearful?**

Right from the framing of India's Constitution in 1949 to various amendments later made to it, there has been a continuous process of invasion by the centre in agriculture, which in the Constitution was designated as a state subject. The Essential Commodities (Amendment) Act 2020 takes this process much further and is certainly the most devastating attack so far on federal rights of the states in agriculture. The "One India, One Agriculture Market" slogan being advertised by the government says it all about the thinly veiled centralisation objective of this move.

There is a widespread misconception circulating in some academic and journalistic writings on the Indian political economy in general and on these latest agrarian initiatives from the centre in particular that the weakening of the government regulatory regime giving more push to privatisation as envisaged in these deregulatory reforms would lead to decentralisation and devolution of more powers to the states. The roots of this misconception can be traced to the failure of recognising that centralised/unitarist nationalism, as opposed to plural nationalisms, has been the strategic key to the shaping of India's capitalist economy in which the centre has been given hugely excessive powers for building the unitarist nationalism. As a result, increasing privatisation resulting from deregulatory reforms is not necessarily opposed to centralisation (Singh 2008). The Essential Commodities (Amendment) Act 2020 can be considered as representing the most clear-cut case of confirmation of the thesis that centralisation and privatisation in India can co-exist but, even more, that they can reinforce each other. Strengthening centralisation and privatisation are the two most prominent features of the Essential Commodities (Amendment) Act 2020.

The most brazen form of the scale of attack on the already limited autonomy that the states currently have can be assessed from the words of Section 12 of the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020: "The Central Government may, for carrying out the provisions of this Act, give such instructions, directions, orders or issue guidelines as it may deem necessary to any authority or officer subordinate to the Central Government, any State Government or any authority or officer subordinate to a State Government." This dire warning about emasculating the federal powers of the states can only be ignored by political leadership at the state level, which has a very limited vision of politics.

The undermining of the state autonomy cannot be more stark than what is implied by the words in Section 16 of the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020: "The Central Government may, from time to time, give such instructions, as it may consider necessary, to the State Governments for effective implementation of the provisions of this Act and the State Governments shall comply with such instructions" (emphasis added). No scope is left for any escape for a state government from these central directives (Singh 2020a).

The attack by the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 on the limited revenue resources of the states is also clear in the provision that "no market fee, cess or levy" can be levied by a state APMC act or any other state law. After depriving the states of the revenue they earlier earned through sales tax by replacing it with centrally controlled GST, and now resisting compensation to the states due to this revenue loss, this is another attack on financially weakening the states and making them more dependent on the centre. [2]

Apart from the vertical tensions between the centre and the states emanating from them, these agrarian reforms have the dangerous potentialities of generating new forms of federal tensions in

the domain of horizontal tensions (inter-state tensions) and class conflicts aligned with those horizontal federal tensions. Agriculturally dependent states such as Punjab and Haryana and the farmers of these states would be the most adversely affected due to the weakening of the minimum support price (MSP) structures. In contrast to that, industrially advanced states such as Gujarat and Maharashtra and the big business interests (especially agro-business ones) based in these states would be the beneficiaries due to increased and easier access to foodstuffs and agricultural raw materials from other states. This will increase regional and class tensions.

### **Regional Aspirations/Identities**

The increased central intrusion through these Acts into the federal rights of the states in agriculture has alarmed all the states, though the BJP-ruled states have either kept mum or endorsed the central government's moves. The increasing centralisation is viewed by regional formations as a threat to the solidity of regional interests, aspirations, and identities. The troubled relations with Shiv Sena and Akali Dal, two of the oldest allies of the BJP, are manifestations in different ways of the tension between the ideological perspectives of centralist Hindutva and regional aspirations (Singh 2020b). The tension over the farm Acts has led to resignation of Akali Dal representative Harsimrat Kaur Badal from the Union Cabinet, the first resignation ever from a BJP-led government at the centre over a policy issue. The BJP-led coalition government in Haryana, with its regional ally in Dushyant Chautala's Jannayak Janata Party, may face a crisis if deputy chief minister Chautala is forced to leave the coalition as a result of pressure from farming organisations which Chautala is currently supporting in their campaigns against the farm bills.

Though different in many other respects, both the BJP and Congress are centralist in their political perspectives in building one unified Indian national identity. Therefore, both are opposed to the articulation of regional identities. However, the BJP is currently showing a much more aggressive approach than the Congress towards centralisation.

Its propagation of "one country, one agriculture market" in defence of its farming policies articulated through the farm Acts, the aggressive promotion of Hindi over regional languages (far more than the Congress ever did during its reign), its decision to scrap Jammu and Kashmir's constitutional status and its statehood, and its New Education Policy are some of the key indicators of the BJP's aggressive centralisation agenda.

As the BJP views regional identities with suspicion, as a subversion of its overarching Hindu identity agenda, the regional identities suspect the BJP vision as one aimed at annihilation of regional identities. The tension between the states—the locations of different regional identities—and the centre over the farm Acts has contributed to heightening the fears of regional identities about BJP's unitarist Hindutva agenda. The Left in India (especially the parliamentary left represented by CPI and CPM) increasingly oriented towards centralised nationalism by surrendering to the flawed discourse of 'unity and integrity of the country' has not been able to capture the progressive potentialities of regional nationalisms in India especially in opposition to centralised Hindu nationalism.

### **Ecological Concerns**

We have discussed the three main nodes of resistance to the farm Acts, but it is important to mention, even if briefly, the ecologically damaging consequences from the operation of these Acts because this dimension has remained almost completely unexamined in the current debates on this issue. The destruction of locally and state-based agriculture and its incorporation into all India and global agricultural marketing systems will lead to increased transportation. Increase in transportation everywhere leads to increase in carbon emissions, pollution, ecological destruction,

and damaged health of all living beings, human and non-human. It is an anti-thesis of the “self-reliance” (Aatmanirbharta) which this government has been proclaiming, patently hypocritically, as its aim.

There is also a need to start rethinking the wider importance of agriculture in “development” discourse. Both the traditional right-wing thinking (such as Rostow’s stages of growth or Lewis’ dual economy model as exemplars of this mode of thinking) as well as the dominant left-wing thinking (Stalin’s collectivisation as an extreme form of such thinking) view development and growth as a path of moving from agriculture to industry to services. In the era of global climate change where the planet earth faces an existential threat from global heating and bio-diversity loss that result from the traditional economic growth paths, whether of the traditional right or traditional left format, the central importance of farming and the farming ways of life which are compatible with ecological sustainability need to be reimagined. Eco-socialist vision as a critique of both the traditional right-wing and traditional left-wing modes of thinking is an attempt to grapple with the ecological challenge humanity is currently facing.

## **Conclusions**

It is only through a concerted and collective action of the organisations representing marginal, small, and medium farmers that the multi-dimensional destructive turn in economic policy symbolised by these farm Acts might be reversed. It is also the economic interest and moral duty of all those political formations and state governments that stand for federalism, pluralism, and ecological sustainability to coordinate their efforts to oppose this move. The struggle for federalism and diversity is also the struggle for democracy. The weakening of federalism contributes to concentration of economic and political power at the centre and the rise of authoritarian political tendencies and practices which are also anti-ecological in their orientation.

One indication of the sincerity and commitment of those making any coordinated efforts in reversing the policy package contained in these farm Acts would be to declare that in any future government at the centre they may be part of, they would undo these changes and would look anew at the Constitutional provisions to increase the power of the states in agricultural management. There are other areas too, such as industry, finance, and education, where federal devolution must be fought for, but agriculture being linked to the land and source of food remains the most crucial area for states’ right to retain their autonomy. The US, China, Europe, UK, Canada, Japan, South Korea, Australia, and New Zealand are all closely integrated into the global capitalist economy, but each of these countries makes every effort to protect its agriculture even if that protection does not meet the standards of ecological sustainability.

Protecting agriculture as a state subject in Indian federalism and resisting the entry of agro-business capitalism would be the key economic, political, social and cultural battles in India in the coming years. Grasping the seriousness of this issue would be critical towards developing the perspective to strengthen decentralisation, diversity, democracy, local farming, and ecological sustainability.

*An earlier version of this paper was Singh 2020c.*

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## **Footnotes**

[1] Naomi Klein (2007) has argued that the rise of neo-liberalism as a policy doctrine has seen that governments seize upon disasters-environmental, economic and political- to push through policies and programmes to advance the agenda of neo-liberal capitalism.

[2] Punjab's finance minister, Manpreet Badal, has estimated that Punjab alone would lose ₹4,000 crore revenue per year because of this farming initiative of the centre (Punjabi Tribune 2020).