

## Regulated Corporatisation of Agriculture in the Context of Farm Distress in India: A Study

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### Abstract

During 2014, major causes of suicides among farmers were 'Bankruptcy or Indebtedness' which accounted for 21.5% male farmers' suicides. According to an Arjun Sengupta Committee Report, from 1995 to 2013 "nearly 3 lakh farmers have committed suicide in the last 15 years. About 60 per cent farmers are dependent on National Rural Employment Guarantee Act to survive, and an estimated 56 per cent farmers go to bed hungry. Another 78 per cent want to quit agriculture if given a choice." Today, the agricultural sector has started marking the appearance of the corporate capital with an ambition to invest. But, there is no specific plans or policies to regulate the corporate entities in the sector. Further, there is no uniformity in the practices followed and under the existing framework, the regulation of the behaviours of such corporate entities to safeguard the interests of the farmers is not addressed.

**Keywords:** Farm Distress; Farmer's Suicides; Corporate Capital; National Crime Record Bureau of India; Corporatisation of Agriculture.

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### *Farm Distress: A Regulatory Model for Corporate Entry in Agriculture*

*"Decrease in number (of suicides) is not enough,  
there should be no case of farmer suicide in the  
country,"*

- Social Justice Bench of Justices Madan B  
Lokur and UU Lalit, Supreme Court of India

Agricultural sector in India involves a large population depending on it for livelihood to them. Unfortunately today, the farm sector is witnessing huge number of suicides for varying reasons. As per the report of the National Crime Record Bureau of India, 2015 the state of Karnataka has registered 321 suicides i.e. 7.8% of the total number of farmer's suicide reported

in the country during 2014. During 2014, major causes of suicides among farmers were 'Bankruptcy or Indebtedness' which accounted for 21.5% male farmers' suicides. According to an Arjun Sengupta Committee Report, from 1995 to 2013 "nearly 3 lakh farmers have committed suicide in the last 15 years. About 60 per cent farmers are dependent on National Rural Employment Guarantee Act to survive, and an estimated 56 per cent farmers go to bed hungry. Another 78 per cent want to quit agriculture if given a choice [1]." Today, the agricultural sector has started marking the appearance of the corporate capital with an ambition to invest. But, there is no specific plans or policies to regulate the corporate entities in the sector. Further, there is no uniformity in the practices followed and under the existing framework, the regulation of the behaviours of such corporate entities to safeguard the interests of the

farmers is not addressed. So, briefly, the farming sector today is under stress. Now, let's have a look over the report of the National Crime Record Bureau of India, 2015 on bankruptcy or indebtedness causing the farm suicides in India during 2014.

#### *Problem in the Agricultural Sector*

The agricultural sector in India suffers from the following defects-

##### 1. *Lack of Remunerative Prices for Their Produces*

The farmers due to their lesser bargaining power and the domination of the middlemen are not getting the remunerative prices for their produces.

##### 2. *Non Fixation of Support Price*

There is a huge risk in agriculture. If there is a high yield the farmers do not get proper price, likewise if the production is low, on top of it there is loss.

##### 3. *High Cost of Production*

The cost of production is increasing while there is no significant increase in the price of the agricultural commodities. The highly perishable nature of the produce along with the lack of storage, grading, packaging, transportation and marketing infrastructures have further added their plight.

##### 4. *Lack of Microfinance*

The big farmers are able to get loans from banks, small and marginal farmers still depend on money lenders.

##### 5. *Lack of Interest of the Educated youth in Farming*

Educated youth of the farming families are becoming less interested in agriculture. The farmer parents also do not encourage their children in taking up agriculture as livelihood.

##### 6. *Non- Attractive Profession*

Today, huge number of people are quitting farming because of the non- sustainable income option from farming. The malnourished, poverty stricken, emaciated farmers are forced to discard their traditional livelihood for comparatively secure urban destinations and are taking up marginal jobs like tailoring, masonry, painting, welding, soil digging,

iron making, erecting mobile towers, wiring electric networks, driving, rickshaw pulling etc. The plight of women is dreadful. For decades the small and marginal farmers are suffering the arbitrary, ruthless market mechanism of agricultural commodities. At this, most of the agriculturists today consider farming as a matter of subsistence.

#### *Nature of Plight of Farming Community*

Traditionally agriculture is considered as a life line of a country's economy both as a means of livelihood and for providing food security to the nation. After independence at one point of time India was not self- sufficient on food and hence the import of food was a primary concern of the government. Now India has become self- independent in agriculture. It has been able to achieve food security. But unfortunately, across the country, a total of 1.82 lakh farmers have committed suicide between 1997 and 2007, driven to despair by a lack of basic infrastructure like power, irrigation and access to markets and all for their inability to pay back the loans. The government provides farmers free water and power while levying no tax on agriculture. During 2014, major causes of suicides among farmers were 'Bankruptcy or Indebtedness' which accounted for 21.5% male farmers' suicides. The farmers are exploited by the hands of the land sharks, fertilizer lobby, insecticide lobby, hoarders and wholesalers, Panchayat and political leaders including agricultural officers, officials of Benfed, Nafed and other agricultural set ups. They receive a raw deal from the powerful state and private machineries with no one to guard them against unscrupulous traders. Now let's have look at the different causes of plight of farmers-

#### *Extreme Climatic Conditions*

In India agriculture is overwhelmingly dependent on the weather [2]. Among the north Indian states UP, however, registered the highest number of farmers' suicides at 63 deaths which could be attributed to extreme climatic conditions in the state. Similarly, Sikkim recorded 35 suicides, Himachal Pradesh had 32 suicides and Punjab 24 suicides, which could be also linked to a harsh climate detrimental to the farm sector [3]. The dryland farmers are mostly the victims of crop failures triggered by factors like natural calamities. It is the economic hardship that brings the farmers on the brink of suicide along with other contributory factors.

Bankruptcy or Indebtedness: Bankruptcy and indebtedness act as triggers in maximum numbers

of farmers' suicides across the nation. Last year in Maharashtra, 765 farmers ended life due to bankruptcy and indebtedness caused by crop loan, which is highest in the country as reasons behind suicide, followed by 146 similar cases in Telangana. Nationwide, crop loans led to suicides of 965 farmers

in 2014. Loan related to farming equipments led to suicide of another 22 [4]. The debt situation in Punjab is abysmal. Recent data show that farmers in the State are under a debt of ₹ 70,000 crore — that's the size of the largest nuclear missile deal India has inked with Russia [5].

#### *Age and Gender wise Distribution of Farmers' Suicides During 2014 (Cause Wise)*

| Sl. No. | Cause  | Total |        |             | Total |
|---------|--|-------|--------|-------------|-------|
|         |  | Male  | Female | Transgender |       |
|         |  | 1112  | 51     | 0           | 1163  |
| 1.      | Due to Crop Loan   | 916   | 49     | 0           | 965   |
| 2.      | Due to Farm equipment's' Loan<br>(Tractor, Pump-set, etc.) | 21    | 1      | 0           | 22    |
| 3.      | Due to Non Agricultural Loan                               | 175   | 1      | 0           | 176   |

Recently, the government introduced the Punjab Settlement of Agricultural Indebtedness Act, 2016 addressing the issue of insolvency and bankruptcy of farmers in the grain bowl of India. This Act does not allow indebted farmers to file for relief at an early stage, or protect property from moneylenders. Herein before, the Punjab Relief of Indebtedness Act, 1934 [7], the Punjab Debtors' Protection Act, 1936 [8], the Punjab Restoration of Mortgaged Lands Act, 1938 [9]; the Punjab Agricultural Indebtedness (Relief) Act, 1975 [10] etc. were aiming to provide cushion for the farming community in the state. Additionally, there are laws governing money lenders and the interest rate that can be charged by them. It is evident that the principle embodied in all the legislations has not changed over the years, and it seems to be failing, as the debts seem to be mounting [11].

**Dependency on the Migrant Farm Labourers:** The labour pattern in the industrially developed states like Punjab, Haryana, Delhi, (where agricultural productivity is good along with the industrial activities) show that there is loss of interests agricultural work and more and more people are taking up non- agricultural activities wherever scope is there. So there is paucity of manpower and farmers are dependent on the migrant farm labourers from Bihar, Jharkhand and Uttar Pradesh. Even that supply of migrant labour is now reduced due to the Rural Employment Guarantee Scheme. Due to the above reasons the government is planning to bring down the number of people dependent on agriculture from 60% to 30% in next 20 years.

#### *Factors Responsible for Lesser Farm Distress*

Among the different factors causing less farm distress the NCRB Report, 2016 exposed inter alia the followings factors:

- *Alternative Livelihood Choices:* Tamil Nadu experienced a severe agrarian crisis during the late 1990s which witnessed 932 farmers' suicides. Thereafter, between 1997 and 2012 the figure nearly halved to 499 suicides [12]. According to P Sainath, the state strengthened its rural-urban linkages with a good road network and public transport system creating alternative non-farm livelihood opportunities in nearby towns for peasants [13]. Further, Goa and Puducherry have no farmers' suicides simply because these economies are not solely dependent on agriculture. Goa has emerged as an agro-eco tourism destination which enables farmers to avail alternate sources of income. Also, fisheries and tourism have been developed to support their economies. Earlier, Puducherry had suffered the highest number of farmers' suicides among the federally-governed Union territories. In 2009, its figure was at 154 farm suicides while in 2010, it claimed only four suicides. However, it has boasted of a zero figure in years 2011, 2012 and 2013 [14].

- *Compatible Climatic Conditions:* While the South Indian states suffer from widespread farmer's suicides, the 12 north Indian states are known to be free of suicides.

These include Arunachal Pradesh, Manipur, Mizoram, Tripura, Nagaland, Meghalaya, West Bengal, Jharkhand, Bihar, Uttarakhand, National Capital Region and Rajasthan [15]. Does this mean that agriculture in north India is economically viable? Actually, compatible climatic conditions in terms of rainfall, temperature, besides superior soil conditions and easy availability of water for irrigation, make life relatively convenient for farmers in this region.

### *Corporatisation of Agriculture*

To make agriculture a profitable sector corporatisation of agriculture including institutionalisation and commercialisation of the system, farmer's right to land, easy availability of seed, fertilizer, electricity, water, and opportunity for micro-financing are perhaps the best options available. The word corporatization means forming a body of many individuals. The French word '*corporalis*' relates to human body. Corporatisation of agriculture, therefore, indicates formation of a body corporate solely for agriculture [16]. Literally, the word corporate means an entity which is legally united into one body or more commonly large business groups. The term corporation means, "An entity that has a legal personality, i.e. it is capable of enjoying and being subject to legal rights and duties and possess the capacity of succession" [17] or a "body of persons (in case of a corporation sole) which is recognised by the law as having a personality which is distinct from the separate personalities of its' members [18]." The term corporatisation has been defined under the Securities Contracts (Regulation) Act, 1956 as the succession of a recognised stock exchange, being a body of individuals or a society registered under the Societies Registration Act, 1860 (21 of 1860), by another stock exchange, being a company incorporated for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities carried on by such individuals or society [19]. The term corporatize means, subject to corporate ownership or control [20]. The act of reorganizing the structure of government owned entity into a legal entity with the corporate structure found in publicly trade companies. These companies tend to have a board of directors (B of D), management and shareholders. However, unlike publicly traded companies, the government is typically the company's only shareholder and that the shares in the company are not traded publicly. The main goal of corporatization is allowing the government to retain ownership of the company but still enable it to run as efficiently as its private counterparts because government departments sometimes are inefficient with the level of bureaucracy involved [21]. But in this context, the term Corporatisation refers to the formation of Corporations. While the term corporation means, "An entity that has a legal personality, i.e. it is capable of enjoying and being subject to legal rights and duties and possess the capacity of succession" [22] or a "body of persons (in case of a corporation sole) which is recognised by the law as having a personality which is distinct from the separate personalities of its' members [23]." The various important features of

### Corporatisation of agriculture-

- i. Commercialisation of agriculture
- ii. Involvement of private investment
- iii. Organisational frame work with the homogeneity of activities
- iv. Improved Product Quality
- v. Competitiveness in price
- vi. Infusion of Modern technologies

### *Why Corporatisation of Agricultural Sector?*

Corporatisation of agriculture may be a tool for the development of the farming sector as it involves a tremendous impact on agriculture in the ways as follows-

- *Institutional Investment*

Corporatisation involves institutional investment. Investment is defined as "a commitment of funds made with the expectation of some positive rate of return [24]." An investor has various alternative avenues of investment for his savings to flow. Investments are made with the primary objective of deriving a return. Each segment of the agriculture sector needs to be made viable. Depending upon the different risk factors for different segments, finance will be the major facilitator of the value chain [25]. Not only will these, the corporate investment is expected to raise agricultural productivity by creating critical infrastructures like pre and post-harvest treatment. Again, it will develop efficient storage and transport infrastructure and thus will cut down waste and remove the spectre of distress sales. In addition to these, they will render credit facilities.

- *Modern Farm Management Practices*

Corporatisation invites the latest technological advancements in the field to maximise the profit. It will evolve many long-term benefits: *better allocated efficiency, higher private investment, an increase in output, income and exports, and a higher multiplier effect, leading to the creation of wealth in rural India.* Today, it is proved that the farmers, be it the small and marginal, can meet the qualitative requirements of market if adequate support in terms of infrastructure and training is provided. Increasing demand for standards and quality control requires that small farmers follow strict food safety procedures in selecting and processing their produces for market. Under corporatisation, the relevant corporate body is expected to facilitate farmer's access to inputs like

high-yielding seeds and plant breeds, better quality fertilisers and pesticides. Corporatisation of agriculture will emphasise the supply of quality goods. It will involve the modern technologies in efficient way which will lead to quality goods. There will still remain the yield, price and market risks. But the corporate bodies can help in reducing such risks [26]. Since the profit is shared between the farmers and the firm that enters into the contract, profit for the farmer can be maximised through the input saving technologies.

- *Sustainability in Agriculture*

Freeing agriculture from external inputs like chemical fertilisers, pesticides, making transition to sustainable agriculture, based on internal inputs for ecological sustainability, are examples of internal liberalisation which has the effect of freeing the farmer from debt traps and fear of dispossession. It means freeing the peasant from landlessness, ensuring inalienable and equitable water rights and holding on to local means of production [27]. Concentration therefore, should be on the internal liberalisation of agriculture, which is more democratic and sustainable if a small farmer centred agricultural system is encouraged; it will mean localization of agriculture. This will involve a shift from external inputs to internal inputs and rebuild local food security and thereby national food security. Inevitably there will be a shift from monoculture to crop diversity.

- *Competitiveness*

Corporatisation will result into the competitiveness on point of price. Under this system, the farmer will provide land and labour. The corporate sector will provide other inputs and marketing. The banker will provide credit. A corporate entity will enter into a contract with the farmer to purchase his produce at a pre-determined price and undertake the marketing of the produce in both domestic and export markets. As such, competitiveness on point of price definitely will come from the end of the buying the agriculture-commodities directly from the farmers and at the time of selling the same to the consumers. At this end, multiplicity of the corporate bodies as well as farmer co- operatives will be playing a great role in determining the price of the commodities.

- *Supply Chain Management*

One of the most important features of

corporatisation of agriculture is the supply chain management. Agriculture involves many activities like field activities, marketing of agriculture commodities. Under corporatisation, the relevant corporate body will facilitate farmer's access to inputs like high-yielding seeds and plant breeds, better quality fertilisers and pesticides. It will develop efficient storage and transport infrastructure, cutting down waste and removing the spectre of distress sales. Most importantly, corporate bodies will force the stake holder's move towards 'quality related pricing'. Beginning with better quality of raw materials, improvements in the supply chain including primary grading; sorting; as also handling or preservation will result. Again, the development of food retailing will inevitably result in the establishment of backward linkages with agriculture and food processing [28]. If the supply chains are so reduced the marketing costs and margins and the farmers are provided with quality inputs, improved technologies, credit, information, and risk mitigating instruments, these will benefit the farmers especially small and marginal holders [29].

- *Finance & Crop Insurance*

For the farming class availability of credit is a big problem. The reason in most of the cases is the shortage of credit which forces them in bondage of local money lenders. The farming class is dependent on nature and market conditions for the sale of their production and the nature for harvest and yield [30] on which repayment issue is highly dependent. At this, the corporatised agricultural system under which if the farmers tied with the corporate bodies made statutorily responsible in facilitating the credit, then this problem may be solved.

Crop insurance, can be a way out which by far, refers to all types of insurance which are required by the agriculturalists. In a limited sense, it connotes the insurance of crops and livestock against agricultural risks such as, draughts, floods, epidemics etc [31]. In addition to this, other financial institutions long term help is urgently required to the farming class so that they can get rid of the situation and get encouragement to have a better yield.

- *Storage and Marketing of Crops*

Storage is one of the biggest challenges to the farmers even today. For a country as large as India and a large farm output, warehousing facilities are very inadequate. Temperature control and inventory management are the two issues which need to be

focussed upon. Transportation is another challenge. Efficient, less expensive and specific transportation including appropriate material handling equipments, cold chains and refrigerated vans are the need of the hour which will be taken care by the corporate entity. Organised retailing will help in reducing the wastage that currently characterizes farm production. While the demands for food products continues to boom on the supply side, with the entry of large corporate houses may help the issue. Small farmers who are the majority in the farmer's community are more prone to risk and their effective participation in regional and global market requires a mechanism that could absorb such risks. Connecting with the corporations that perform vertical coordination through contracting arrangements can help in reducing such risks [32].

- *Better Price of Commodities*

On corporatisation, the sector will become an organised sector. The agriculture sectors, being an unorganised one, the farmers are not in a position to make organised claim of their rights and cannot make a move to protect their interests and legitimate dues. Being socially and economically disadvantaged they have poor bargaining power. Corporatisation of the sector will lead to the formation of contracts to sell the commodities at pre-fixed prices, which will offer better protection to the farmers.

- *Protection of the Interests of the Farmers*

Various labour legislations will be directly enforced in the agro sector if corporatisation of the sector takes place and the farmers will be better positioned in case of violation of their rights. The corporate body under which the farming activities will be conducted, it will have to satisfy the Triple Test [33] which includes

- i. systematic activity;
- ii. relationship of employer and employee and
- iii. the farmers will have a greater say on the production and distribution of goods.

#### *Defects in Corporatised Agriculture*

Corporatisation of agriculture is not an unmixed blessing. The corporatisation of agriculture, which was being pushed as a successor to the Green Revolution of the 1960s and '70s, is leading to new poverty for small farmers, as unequal and unfair contracts lock them into a new form of bondage. But unfortunately, there is a gap in the legal system to

regulate these entities to ensure the benefit for the poor farmers.

- *Farmers will be Employees and not Entrepreneurs*

Indian agricultural sector is characterized by the involvement of nearly 60% of the people. If this sector is corporatised and privatized, the farmers will be under direct or indirect employment of the corporate concern and will become liable to lose their jobs for various reasons. The result will add to the burden of unemployment in the country, poverty will increase and the farmers will lose their moorings. It is also not certain that a fair and equitable profit sharing will take place. Profit making motive of the corporate houses may lead to a situation where it will supersede social security, social justice and several other interests of the farming class.

- *Lack of Transparency*

When a corporate body has inequitable policy or plan and is contractually obliged to follow the same the content of the contract is never made public.

- *Farmers at the Mercy of the Corporate Houses*

Farmers in the Indian state of Punjab contracted by Pepsico to grow tomatoes received only 0.75 rupees per kilo, while the market price was 2.00 rupees. First the farmers rejected Pepsico and now Pepsico has abandoned Punjab, selling its tomato processing plant to a subsidiary of Levers [34]. But this picture is slowly changing with the successful demonstration of several corporations those are working with the small holders to connect them with domestic and global markets.

- *Liberalisation of Agriculture*

The corporatisation of agriculture demands the liberalisation of agriculture. Liberalisation of agriculture can be effected by external and internal liberalisation. Fertilizer imports, deregulating domestic manufacture and the distribution of fertilisers, removal of subsidies on irrigation, electricity, credits are all the examples of external liberalization which is supposed to provide an enabling environment for transnational agriculture-business corporations to take over the market and pose a threat to the very survival of Indian farmer.

- *Landlordism*

The Corporate farming in its complete sense of the

term suffers from all the defects associated with Landlordism [35]. Under this system the production is carried on with the help of the workers who are hired and with the extensive use of mechanisation. The capitalist or the corporate personnel appointed by them take all related decisions in relation to production while the workers have no role to play in the control and the management of the farm e.g. the system of farming of tea, coffee, rubber and sugarcane in India.

- *Profitability as Priority Concern*

The single pointed agenda on profitability leads to the increased and indiscriminate use of chemicals, not only through the traditional methods, but also through genetic engineering, it promotes the undermining of water and soil fertility and damage biodiversity. Not only this, a centralized, chemical intensive, industry oriented production and distribution system linked with green revolution model is undemocratic, wasteful, unsustainable and puts profitability above everything else. The emphasis is on trade rather than sustainable means of domestic production.

- *Issues of Food Security*

Food security is another grey area of concern under this system. If the corporatisation is not properly regulated, i.e. private corporate bodies involved in this sector, the private corporate bodies to maximise profit will not pay due attention in protecting the interests of the common people.

Corporatisation and privatization, has been proved to be a failure in a number of occasions. Experimentation with corporatisation has taken place in many third world countries. Many of the models have been found to have fallen short of the desired result. Hence, the following models may be proposed to regulate the sector which may be called as Biswas Model.

*Model- 1 (Regulation of Farming as Unorganised Sector)*

*Organisation of Infrastructural Requirements for Farming:* The government under this model is required to ensure the followings-

1. Access of a productive asset e.g. the irrigation and other related facilities in and around the farmer's household in villages;
2. Compulsory registration of the names of the

farmers especially small and marginal farmers, agricultural labourers and patta holders involved in agricultural works with the local panchayats;

3. Efficient regulation of the supply of seeds and other necessities like fertilisers, equipments with proper testing;
4. Introduction of reduced rate of interest policy, if possible 'zero interest' for framing activities especially for small and marginal farmers and the landless agricultural labourers who are cultivating taking land on lease from the owners of land;
5. Looking at the State's future demand of cereal, vegetables and cash crops, the government should prepare the comprehensive farming plan and guide the farmers accordingly through Kisan Call Centre or through TV programmes or organising training programme for the enhancement of marketable skill involving local bodies. Further, the government should also involve into the identification of fallow and degraded land should be converted for cultivation purposes as soon as possible;
6. Setting up of Gyan Chaupals as discussed under the National Policy on Farmers, 2007;
7. Pushing the farmers for multi- cropping. Advising the framers to farm crops in demand. Cultivation of cash crops such as pulses, oilseeds and cotton may be encouraged;
8. Regulate and monitor the payment by the way of cash or kind to the labour and;
9. Regulate seed insurance, crop insurance, health insurance for the farmers, so that the government can render reasonable benefits to the marginal and small farmers;
10. Regulate insurance facilities e.g. life insurance, pension above the age of 60 years and Provident Fund and medical facilities including insurance (Rashtriya Swastha Bima Yojna for the BPL families) for the farmers;
11. Link the local bodies to render various social services in agriculture under various schemes like- *National Rural Guarantee Schemes, National Rural Health Mission; Sajal Dhara; Sarva Siksha Mission; Indira Abas Yojna;*
12. Necessary amendments should be brought on the relevant laws e.g. the Factories Act, 1948; the Maternity Benefit Act, 1961; the Equal remuneration Act, 1976; the Employees State Insurance Act, 1948; the Workmen Compensation Act, 1923.

13. Introduction of the support services like crèches, child care for women farmers involving SHGs. These SHGs may also be organised and facilitated to take part in the process of marketing of farming outputs.

*Post Farming Management*

14. Priority to the local people in the process of procurement, transportation, grading, processing, packaging.
15. Monitor the storage, grading and packaging;
16. The arrangement of training the people with modern techniques of cultivation wherever necessary
17. Procurement of crops should be done in the presence of the Officials of the Revenue Department and Department of Agriculture who will be responsible for fixing the price of such commodities centrally and uniformly in the state.

*Management of Marketing/Procurement:*

18. Establishment of rural BPO centres and introduction of the E- Auction to establish contact with the companies involved in the trading outside instead of selling locally when the local market has fallen and the farmers are supposed to suffer loss.
19. Setting up of a Commission to regulate the price of the raw agricultural commodities according to the advice of the experts as per the international market. The price so fixed should be sent in local languages to the unorganised farmers with the help of the mobile service providers or displaying the same at convenient places in the open market through the State run Agricultural Commodities Marketing Board. The commission will also be entrusted with the duty to monitor the entire marketing process and recording of the same;
20. Organizing the SHGs for the marketing of the farming outputs.

*Model- 2 (Regulation of Corporate Entry of Marketing of Farming Commodities Except Contract Farming)*

Under this system, a corporate entity will enter into a contract with the farmer to purchase his produce at a pre-determined price and undertake the marketing of the produce in both domestic and export markets. Most importantly, retailing of agricultural commodities through corporate bodies will force the stake holder's move towards 'quality related pricing'.

Now, let's have a look, except contract farming (*where the corporate body is involved in the entire process from supply of seed, to marketing of the crops*), where the private sector investment may follow-

- A. Consultancy,
- B. Technological inputs, technical assistances and other necessary technical information like information on weather,
- C. Guarantor of credit if the corporate entity is involving the farmers in contract farming.
- D. Integrated farm management practices like treatment of soil, infusion of modern tillage practices, efficient water and pest management, practically training the farmers, monitoring of farm practices,
- E. Grading,
- F. Processing,
- G. Packaging,
- H. Storage,
- I. Transportation,
- J. Distribution and
- K. Marketing of such commodities

*Model- 3 (Regulation of Corporate Entry into Contract Farming)*

If the corporate entity is involved into contract farming the followings may be kept into mind-

- a. Compulsory registration of such contract;
- b. Respecting farmer's choice of crops to cultivate;
- c. Training farmers with integrated farm management practices like treatment of soil, infusion of modern tillage practices, efficient water and pest management;
- d. Undertaking of all the expenses regarding farming activities etc.

Under this plan, in addition to this, the Government should appoint the Agricultural Labour Inspector at panchayat level to monitor the followings-

1. the conditions of work and protection of workers while engaged in their work, such as working hours, weekly rest, safety, health and welfare,
2. The employment of women, children and young persons and other connected matters and the treatment of them. The Minimum Age Convention, 1973 adopted at the General Conference of ILO may be considered as a guiding principle,



Under this plan, the government should involve itself in distributing vested land to the persons interested to cultivate. Further, attention should be given to the small and marginal farmers and gradually, the entire farming community may be brought under the umbrella of such corporate body. This model also suggests that for the purpose of agriculture, land must not be handed over to the corporate but must be consolidated and must be used for multi cropping purposes as much as possible. Further, it is important to introduce an agricultural tribunal to address the conflicts arising in inter-relationships between the farmers as well as the other interest groups for smooth enforcement of the relevant laws on this point. By organising the self- help groups, the government may also participate in the marketing segment which is expected to maintain the balance in the system, else this segment may suffer from inefficiency in some respects including ensuring food security.

### Conclusion

The activities of the corporate houses strike at the root of farmer's freedom to agriculture and allied activities.

Corporatisation per se would not be so bad if the farmers in India united to form a corporate body and took care of all aspects of agriculture from tilling to marketing such as machines, seeds, water, electricity, fertilizers, pesticides, market support price, storage, export-import et al. But that is not what is taking place in the name of corporatisation. Corporate houses having interest in food processing and exporting are forming corporations to control the crop; they produce hybrid- high yielding seeds which crop only once.

To make agriculture a profitable sector corporatisation of agriculture including institutionalisation and commercialisation of the system, farmer's right to land, easy availability of seed, fertilizer, electricity, water, and opportunity for micro-financing are perhaps the best options available.

Today, in India, corporate entities are entering into the agricultural sector in a good number in the form of online retailing, e.g. *bigbasket.com*; *groofers.com*; *amazon* etc. and in different forms particularly in cities. Apart from these, there are a good number of corporate bodies are operational e.g. Metro Cash and Carry; Walmart, Tesco etc. are also investing into the sector especially in retailing.

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7. This statute provided a mechanism for amicable settlement between creditors and debtors (which specifically include agriculturists) of unorganised debts not exceeding <sup>1</sup> 10,000 by debt conciliation boards, which are quasi-judicial bodies.
8. This statute prohibited certain lands, including farmland from being attached and sold in pursuance of execution of a decree for payment of unorganised debt. In reality, this Act is not followed.
9. This legislation provides for statutory extinguishment of mortgage of agricultural land, once the mortgagor has paid an amount twice or more of the principal amount.
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