# Corporate Dominance and Farmers in India: Emerging Conflict over Agriculture Policy

**Sucha Singh Gill**
*Former Director General, CRRID, Chandigarh*

The rise of corporate sector to the position of dominance in the economy has created conflict between farmers and government of India. This conflict is reflected in rise in agitations by farmers in various parts of India. But the center of conflict is located in North-West India, the cradle of green revolution. This is due to the rise in contradiction between private corporate companies and farmers. This contradiction has been sharpened by the Union government with its attempt to promote private corporate entities to establish private markets parallel to Agricultural Produce Market Committee (APMC) markets and allow private companies in marketing, trade, storage and export of agricultural produce. Prevailing agrarian crisis demonstrated by the phenomenon of farmer suicides caused by heavy debt burden on pauperised small and marginal farmers which has created grounds for mobilisation of the farming community. Farmers' unions transformed this contradiction into a farmer's movement on a massive scale during 2020-21, leading to withdrawal of the three farm laws. The attempt to bring these laws through the back door has again initiated a process for wider mobilisation. In this paper, it is argued there is a need for a dialogue with all the stakeholders and within Parliament and Legislative Assemblies to work out a negotiated settlement.

## Introduction

Indian economy has experienced a meteoric growth of corporate companies in the last three decades. This has found expression in the form of emergence of a number of Indian billionaires on the global scene. The rise of corporate companies picked up slowly in the post-independence period. The Industrial Policy of 1956 reserved the commanding heights like steel, heavy industries, machine building, metallurgy, defense, etc. in the public sector through the licensing system. But private companies were able to grow in consumer goods and banking sector. In spite of nationalisation of banks in 1969, corporate companies continued to flourish but gained a momentum from partial liberalisation in the 1980s. The expansion of corporate sector gained a big jump after the policy of liberalisation, privatisation and globalisation (LPG) adopted in 1991 and it had continued to grow uninterrupted after that. As the weight of the corporate sector has increased in the economy, these companies have gained considerable influence on economic policies in the country. In order to expand their operations many companies have begun to look towards agriculture and rural areas as a profitable business proposition. These companies, after gaining some individual experience, tried to lobby the Union Government to gain a big entry into this unexplored sector. This has put many of these companies in confrontation with established entities and farmers' interests. This paper deals with the interface of Indian agriculture with the corporate sector through mediation of the policy makers, and farmers' response through their organisations. The paper is organised into five sections. The first section covers the growth of the corporate sector, from an insignificant to a dominant sector of the economy. The second section tries to explain the growing interest of corporate companies in agriculture production, agro-processing, trade and storage. The third section covers the role of the Union Government in altering terms of discourse of agriculture policy. The fourth section deals with the response of the farmers' union on this discourse and the emerging conflict between the farmers and policy makers. The last section summarises the discussion with some policy implications.

**1. Rise of Predominance of Private Corporate Sector**

In the post-independence period India opted for a mixed economy framework and decided to adopt planning for achieving economic growth with equal distribution of income and wealth. The corporate sector being small, investment level and pattern was decided by the Planning Commission set up in 1950. The scope and growth of corporate companies was restricted to the consumer goods sector and banking under the Industrial Policy Resolution of 1956 (Nehru, 1956). This resolution divided industries into three schedules. Schedule A included 17 industries mainly consisting of defense; atomic energy; iron and steel; heavy plant, machinery and equipment; mining of iron ore, coal, mineral oils and basic ores; aircrafts; air transport; railway transport; shipbuilding; telephones, wireless and cables; generation and distribution of electricity; etc. These industries were exclusively reserved for public sector. Schedule B consisted of 12 industries where both public and private sector could set up industrial units. This included minor minerals; aluminium and nonferrous metals; machine tools; ferro alloys and tool steels; basic and intermediate chemicals for manufacture of drugs, dyestuffs and plastic; antibiotics and other essential drugs, fertilizers; synthetic rubber; carbonisation of coal; chemical pulp; road transport; and sea transport. Schedule C consisted of all other industries not listed in A and B schedules and reserved for the private sector. This framework of industrial development was implemented through licensing policy where establishment of industrial units required procurement of licenses from the licensing authority set up by the Union Government. In spite of restrictions imposed by licensing on private corporate companies, the latter managed to find ways to grow in the consumer goods industries and the banking sector. R K Hazari Committee (1967) and S Dutt Committee (1967) were set up to review and examine the working of the licensing system. It was found that large companies were able to violate and exploit the licensing system. They could get licenses in areas such as aluminium and defence reserved for the public sector. Secondly, large private companies procured licenses in sectors reserved for small and medium companies. Thirdly, it was found that using the pretext of foreign collaboration, in 70 items in category of non-essential category, licenses were given to companies of large business houses. Thus, corporate companies could exploit loopholes in the system to jump over restrictions imposed by rules of licensing. In view of this, the Government of India enacted Monopolistic and Restricted Trade Practices (MRTP) Act in 1969 and implemented it in 1970. This act defined a monopoly company/house with assets limit of Rs. 20 crore or above. A monopoly house was denied a new license for setting up of a new company or expansion of existing business. The limit of a monopoly house for getting a new license was raised to Rs.100 crore in 1985 and it gave a big push to the legal expansion of business of corporate houses.

A big relief to corporate companies came in 1991 when the licensing system was finally abolished under the new economic policy, popularly known as policy of liberalisation, privatisation and globalisation (LPG). This started a new era for big companies to expand their business without any restrictions. In subsequent years, a policy of subsidy to private companies was started in the special economic zones (SEZs). This was given in the name of incentives for expansion of business and industry to promote economic growth. Many public sector companies were sold to private companies under the scheme of public disinvestments. Many big companies expanded their business with massive borrowing from the public sector banks but some of them could not repay the loans. Such loans were labeled as non-performing assets (NPAs) and later, were waived off under one time settlement scheme. These companies were given the freedom to collaborate with foreign companies and mobilise capital from global markets.

The new policy package opened a new phase of expansion of big companies and the process of corporate dominance of the economy. These companies have expanded their business on a massive scale. The share of corporate sector/companies in the national income/gross value added has become very large. It was between 36.8% in 1993-94 which increased to 55.3% in 2014-15 and further increased to 55.8% in 2022-23. The share of public sector companies in GDP had shrunk from 23.7% in 1993-94 to 19.4% in 2014-15 and further fell to 17.3% in 2022-23. The share of private corporate companies in the gross value added has increased from13.1% in 1993-94 to 35.9% in 2014-15 and 38.4% in 2022-23 (Gill, 2019; GOI, 2024). The shrinkage in share of the public sector and a tremendous rise in the share of private companies in the gross value added shows that private corporate sector has recorded its arrival as the dominant entity and as main beneficiary of the trajectory of growth in India in the post reform period. The clout of private corporate companies has expanded in the areas earlier reserved for the public sector. These companies have expanded and made investments in defence, airports, seaports, air transport, railways, ship buildings, mining, oil and natural gas, telephone, electricity generation and distribution. Besides, private companies have set up businesses in the area of information and communications technology (ICT). It has been possible through collaboration with foreign companies, and it has enabled operation of Indian companies abroad. These operations and businesses abroad are especially related to sub-contracting in internet and computer related services. This has enabled India to emerge as a soft power at the global level. Many of the Indian private companies have also set up educational institutions such as schools, colleges and universities. In media, these companies have expanded from newspapers to TV channels and have started playing a significant role in opinion making in the country. Their clout is also well known in influencing public policy by setting terms of discourse in the country.

The growing role and expansion of business of the companies have enabled them to capture the commanding heights of the economy from the public sector. They have purchased many public sector enterprises under the scheme of disinvestment to meet fiscal deficits of the governments and took many initiatives to set up new enterprises. This resulted in the rise of a new phenomenon of dollar billionaires in India after 1991.There was only one billionaire in 1991, but this number went up to 59 in 2012 and 124 in 2015. Since then, this number began to rise at a rapid rate and reached 179 in 2020 and jumped to 334 in 2024 (The Times of India, 2024). The companies owned by billionaires are not only big in size but are also in a position to dominate business in their area of operation. They are the lead companies in the specified business area. Consequently, they have replaced competitive markets with oligopoly markets. In a typical oligopoly market, there are a limited number of players who compete with each other and one of the company is a leader in setting the trend of prices to be charged and prices to be paid while acquiring raw materials and wages/salaries paid to the workers (Robinson, 1933). The companies controlled by billionaires represent an oligopolistic market structure and enjoy the capacity to influence the working of markets in terms of price determination via creating conditions of surplus/shortage through control of the supply chain. With a lot of money at their command, and through aggressive advertising, these companies can influence the preferences and choices of people to favour their products. They can also create barriers of entry for new companies by selling their product at prices below cost of production in the short period. They create conditions for imperfect competition in which weaker players lose power to compete.

## II. Entry of Private Companies in Agriculture

After capturing the main activities, in manufacturing, mining and services, big private companies are seeking more areas for their expansion. They are looking at rural areas and agriculture as a potential for expansion of their activities. The major players among these billionaire-controlled companies, have ventured into these under-explored sectors during the last two decades or more. These group of companies include Reliance, Tata, Mahindra and Mahindra, Cargill, Godrej, ITC, Hindustan Levers, Nestle, Pepsi, Syngenta, DuPont, GreenHareest, Agrotech, etc,. Some of these companies are involved in storage and trading of fresh vegetables and fruits. Many of them are engaged in supplying chemical fertilizers, insecticides, pesticides, seeds and agricultural machinery. Recently, some big players have started developing storage of grains/silos on a large scale. Corporate companies have shown interest in acquiring agricultural land for factories, housing, highways and airports. The interest of the corporate sector in marketing, storage, processing and export of agricultural produce has developed after India's agriculture policy was brought under the framework of WTO in 1995. But their interest in agriculture increased after 2005 when the initial window period of implementation of WTO rules was over. As pressure by advanced countries on developing countries began to increase, asking them to reduce protection of agriculture and allow private companies in trading during the Doha Round of negotiations, the Indian corporate sector began to build pressure on the Union Government to open trading, storage and export of agricultural produce to them.

The private corporate sector, after experiencing considerable expansion in business, began to face a slowdown in capturing further business in India. As mentioned earlier, private corporate companies accounted for 35.9% of GDP in 2014-15 which increased to 38.4% in 2022-23. This increase is 6.5% over the period of eight years. It is natural that these companies have an urge to expand business in unexplored areas in the agricultural and rural sector. These companies still have a small share in agricultural production, trade and storage (Mazumdar, 2023). They are looking toward this sector to expand their business and investment. Aspirations of private companies found support in the Shanta Kumar Committee Report (2015). The committee recommended that the Government of India should allow private players to procure and store food grains. Earlier the UPA Government (2004-2014) made a successful effort to persuade 16 states to take out fruits and vegetable trade out of regulation of Agricultural Produce Market Committees (APMCs). The argument advanced by the corporate sector is that they have financial resources, technology and expertise to modernise agricultural marketing. It is also argued that there is a colossal wastage of grains left in open storage by public procurement agencies. This can be avoided by the construction of modern godowns like automated silos linked to railway lines and grains can be quickly transported to locations where it is needed. Since the public agencies lack financial resources to build modern storage facilities, it is argued that this task can be handed over to private companies. Another reason for inefficient handling of grain trading is cited as widespread corruption among officials of procurement agencies. This is part of a general discourse which has gained currency after reforms of 1991. This discourse ignores the ways private companies have misused the loans from public sector banks, declared them as non-performing assets (NPAs) and got them waived off under one time settlement schemes. It has also come out recently that these companies also indulge in bribing government officials to get contracts from various public agencies (US Attorney Office, 2024). This accusation is against the Adani group of companies, one of India's largest business conglomerates. This has led to review or cancellation of projects of this business conglomerate in Kenya, Sri Lanka, Bangladesh and some other countries (Travelli and Dahir, 2024). This company has shown considerable interest in the development of silos for storage of grains in Punjab and Haryana and could get them linked to railway lines. This business house is considered very close to the Union Government and viewed by the farmers as one of the business conglomerates pushing for involvement of corporate companies in marketing and trade of agricultural commodities. The corporate private companies have been getting tax rebates in the name of incentives and managed free or concessional facilities to promote business which has been termed as crony capitalism (1).

### III. New Initiatives of the Union Government in Agriculture Policy

The trend of promoting business of private companies in agriculture began 12 years after the introduction of economic reforms. In 2003 the Union Government prepared a Model APMC Act to improve agricultural markets. The Model Rules were formulated in 2010 to encourage states to take trade of perishable commodities out of the purview of APMC markets (Reddy, 2016). The Union Government pushed this agenda further in 2017 and prepared a model act after consultation with state governments. This was titled Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act 2017. It was circulated to all states for adoption but after three years only one state (Arunachal Pradesh) adopted it. As state governments were not showing any interest in its adoption, the Union Government began to think about alternative ways to push reforms in agricultural marketing. The government decided to follow the route of Parliament to enact three farm laws in 2020 to enable private corporate companies to set up and expand business in the marketing, storage, processing and export of agriculture produce (2). It was stated that an increase in private investment was needed for modernisation of agricultural marketing, storage and processing to expand income and employment in the agriculture and rural areas. Given the state of agriculture, neither state governments nor farmers were in a position to undertake this investment. The big corporate companies had necessary financial resources and expertise to undertake this task (Chand, 2020). But these laws could not be implemented in face of massive opposition of farmers unions (Gill, 2022; Ram, 2022; Singh, 2022). One of the arguments against these laws was that the Union Government had exceeded its power and enacted laws on a subject in the State List or List II of the Indian Constitution. It was also argued that these laws would weaken APMC markets and work against the interest of farmers. Farmers' union feared that corporate companies would take control of agriculture of farmers through contract farming. After a long struggle of farmers on the borders of Delhi for 13 months these laws were withdrawn in November 2021. In spite of this, the discourse of corporate expansion continues to be favoured by the policy makers in India. On 25th November 2024, the Ministry of Agriculture and Farmers Welfare, Government of India had circulated a draft National Policy Framework on Agricultural Marketing to the states (Ministry of Agriculture, 2024). This document was prepared without consulting farmers' organisations, the stakeholders. This was circulated to states for their comments and suggestions. The contents of this draft indicate that it contains all the elements of the three farm laws withdrawn in 2021. This includes the involvement of private players in the marketing of agriculture produce for storage, processing and export. The wholesale traders, agro-processors and exporters are to be allowed to purchase agricultural produce from farm gates without payment of taxes and fees. The draft proposes establishment of private markets along with APMC markets with the objective of breaking the monopoly of APMC markets for agricultural produce. Instead of promoting competition between different types of buyers of agricultural produce such as public sector procurement agencies, small traders and private companies in APMC markets, this draft intends to create a dual market structure. While arguing about promoting competition among the two types of markets, no mention is made of nature of market structure represented by big private players like Ambani, Adani, Tata, Mahindra and Mahindra, Pepsi and others. Some of these private players who are already engaged in the marketing of agricultural produce are very big and represent the oligopoly market structure. They have the capacity to be leaders in setting price trends in the commodities they are trading with. Using their market power, they have the capacity to pay better prices and services to weaken or destroy APMC market structure in a few years. At the same time the weakening of APMC markets will lead to a fall in collection of market fees and rural development funds used for maintenance of rural link roads and services at marketing yards. It is obvious that in areas/states where APMC markets are not existing, only private players will get monopoly of trading in agricultural produce. These players will pay prices to farmers below MSP as is happening in Bihar. Another important feature of the new initiative of the Union Government is that it proposes the introduction of contract farming allowing private companies to have contract with farmers for the specific agriculture produce. Under the philosophy of 'one nation one market' it proposes uniform market fees and other charges with exemptions to private players when they buy from farm gates. It is also proposed to vigorously introduce digitisation of various processes in agricultural marketing which expands the business of software companies and work to the advantage of firms engaged in digital activities. This will create a new set of intermediates who will come into existence at market yards to help those farmers who themselves are not well versed in digital technology. These types of agents are already operating outside government offices such as *tehsildar* and District Collector/Deputy Commissioner. To improve the working of APMC markets public private participation (PPP) model is suggested to strengthen the hold of private players even in the APMC regulated markets. To advance the agenda of paticipation of private players in agriculture and the rural sector, the Union Government has adopted a new route similar to the one adopted for introduction of Goods and Services Tax (GST) in the country. It is proposed to set up a committee of agriculture marketing ministers of states with rotation of chairmanship to finalise the agenda for states to be adopted. This approach is intended to gather support of state governments to implement an agenda of involving private corporate companies in business related to agriculture. This effort can be termed as a second round of promotion of corporate agenda in agriculture and pushing further privatisation in the economy. This effort has generated a debate at the national level between various political parties on one hand and between the Union Government and farmers' unions on the other. The farmers' unions which fought against the three farm laws have rejected this draft and want its immediate withdrawal. They have started planning a new phase of agitation against the Union Government. They are also building a common front with other farmers' unions. Punjab Government has already extended its support to farmers by rejecting the new draft issued by the Union Government.

**IV. Response of the Farmers' Movement**

Hobsbawm (1995) wrote that the most dramatic and far-reaching change of the second half of twentieth century, 'is the death of peasantry. For since the neolithic era most human beings had lived off the land and its livestock or harvested the sea as fishers. With the exception of Britain, peasants and farmers remained a massive part of the occupied population even in industrialised countries until well into the twentieth century'. He further wrote that by mid-1980s 'the peasants of agrarian Europe stopped tilling the land'. The peasantry also declined drastically in Australia, New Zealand, North and South America. This has been achieved by the application of machinery, chemical inputs and agricultural research in seeds. There were three regions on the globe in the mid-1980s which remained essentially dominated by their villages and fields. These regions were sub-Saharan Africa, South and South-East Asia, and China. The story of marginalisation of peasantry began from Britain in the 17$^{th}$ and 18$^{th}$ century when commercialisation of agriculture displaced peasants from agriculture when demand for wool increased from the woolen textile industry and landlords began rearing sheep and displaced peasants from agriculture. This has been known as the 'enclosure movement' in history. 'Sheep eat the peasantry' was the term coined to describe this phenomenon (Southgate,1958). The commercialisation and industrialisation spread to other European countries after the industrial revolution in Britain and subsequently to the rest of the world. The Industrial revolution initiated a process of structural change in the world. Simon Kuznets (1966) propounded a theory of structural change based on his study of industrialised countries of the world. This theory was extended further by Chenery (1979). It was stated that as economic development proceeds further, economies are transformed from agrarian to industrialised in nature. As development moves further, industrialised economies are transformed into tertiary or service economies. Most of the advanced economies are dominated by service activities both in terms of share of income generation and workforce employment. This model of transformation of the economy is characterised as capitalist development. The model of structural change is caused by shift in share of capital formation, technological change, innovations and shift in consumer demand for change in dominance of a sector. As the economy shifts from an agrarian to industrial sector a major part of capital investment takes place in the industrial sector, which is also locus of technological change and innovation and starts employing a substantial proportion of workforce. The increase in the workforce in industry takes place by absorption of workforce released from commercialised agriculture. At this stage, pattern of demand also shifts from consumption of agricultural produce towards a fast increase in the demand of industrial goods. When the shift from industrial society to tertiary or services sector happens, the share of investment in this sector increases along with the locus of technology and innovation. The growth of demand of services in these economies also becomes very large. The sectoral shift in employment and income has a tendency to marginalise agriculture. The glimpse of the future of agriculture can be captured from the status of agriculture in terms of its share of income and employment in various regions of the world. The employment in agriculture in the world declined from one billion in 2000 to 855 million in 2021. This was a decline of 14.5% during the first 21 years of this century. The highest share of employment in agriculture is found in Africa (48%) followed by Asia (29.3%), America (9.5% in both north and south combined) Oceania (6,6%) and Europe (5.1) in 2021(FAO, 2023). If data of USA and Canada is looked at separately, marginalisation of agriculture and farmers has been nearly completed. In 2022, the share of agriculture, forestry and fishing was 0.8% in the GDP of USA and 1.4% in Canada and share of farmers and agricultural labourers in the total workforce was respectively 1.8% and 1.3% (Government of Canada, 2024; Zahniser and Kassen, 2023).

The citadel of farming community is also crumbling in India in the twenty first century. The number of agricultural holdings has remained stagnant between 2002-03 to 2018-19. It was 10.13 crore in 2002-03 and was 10.20 crore in 2018-19. This indicates that children of most of the farmers are not interested in doing cultivation. As early as 2002-03 more than 40% of the farmers expressed desire to leave cultivation if alternative employment was available (NSSO, 2005). Recent data from 2019 shows that in India 72.6% of the farmers are marginal with land holding below one hectare (less than 2. 47 acres) and 16.4% of the farmers are small have land holdings between 1-2 hectares. The semi- medium farmers (2-4 hectares) are 8.0%, medium farmers (4-10 hectares) are 2.7% and large farmers (10 hectares and above) are 0.3% of total farmers (NSSO, 2021). The small and marginal farmers are largely pauperised and face the threat of being evicted from cultivation. But they are trapped in agriculture for want of any other employment opportunity to them. In the days of information technology, when farmers hear stories of farmers being displaced by structural transformation of the economy even in advanced countries, the future begins to haunt them. Many among them are committing suicides daily, largely on account of the unbearable debt burden on them (Reddy and Mishra, 2009; Deshpande and Arora, 2010). National Crime Records Bureau reports have brought out that nearly 4.5 lakh farmers have committed suicide since 1995. Several among them are facing forced acquisition of land for highways, airports, railways, special economic zones, real estate development and industrial parks. In the absence of reasonably decent jobs, poor farmers are threatened with having to join the ranks of casual labourers with uncertainty of employment. When these poor farmers hear that corporate companies are interested in taking over their land for agro-processing or building godowns or for real estate business they feel enraged even with minor provocation. News from abroad that big multinational companies are buying millions of acres of land in USA, farmers begin to doubt the intention of such companies in India.

Some of the most recognisable names are Ford and Bill Gates on the list of top 100 largest farmland owners in the USA. These big owners of land run cattle ranches, beef businesses, bio-energy, oil exploration, recreation parks, farming and lumber business. The Land Report from the U.S. releases the list of 100 top America's leading landowners every year. The top 20 big landowners (3) own 206.80 lakh acres (Dobson, 2024) which is more than double the net cultivated area of Indian Punjab (101.88 lakh acres). Some of the Indian farmers see reflection of this in the moves of Indian big houses in construction of modern godowns/silos, solar energy generation, cold stores for trading of fresh vegetables and fruits, agro-processing and export of agricultural produce. This has created fear among the poor farmers that their profession as farmers is in danger. It is further feared that the land in their possession will be taken over by corporate companies.

The interface of some Indian corporate companies with farmers during the past decades has not been very comfortable. This has created an image of these companies as unfriendly to the farmers. They are seen by farmers as exploiters, interested in earning high profits even by indulging in unfair trading activities. It is useful to recall some of the notable experiences of farmers with these companies to understand the distrust of the farmers with the latter. The most notable in this is the process of involvement of Pepsi Co. in diversification of agriculture in Punjab. The background for entry of Pepsi Co. was created by the Johl Committee Report-I (1986) which highlighted the crisis of agriculture and depletion of groundwater in the state. The committee suggested diversification of agriculture by shifting a large cultivated area from wheat and paddy towards horticulture, forestry, dairying, sugarcane, pulses, oilseeds and allied activities. The Pepsi Co. entered India via Punjab when the state was undergoing the period of political turmoil. It was a pre-reforms period when licensing system was in place in India. The Government of India granted approval in September 1988 to a collaborative project between Pepsi Co., Voltas India Limited (Tata company) and Punjab Agro industrial Corporation (PAIC) to set up plants for agro-processing and soft drinks in the state. This project promised to diversify crops and generate employment of 50,000 youth in the state and 74% of its investment was to be in food and agro-processing. It was also promised that the Pepsi company will bring new technology and set up an agro research centre in consultation with the Indian Council for Agriculture Research (ICAR), New Delhi and Punjab Agriculture University (PAU), Ludhiana. Further it was proposed that this project will process 25% of total production of fruits and vegetables produced in the state. Under this project two plants were established, one at Chano in Sangrur district for production of soft drinks concentrate and another at Zahura in Hoshiarpur district for agro-processing. The Zahura plant functioned properly in its initial years and the company entered into contract with the vegetable growing farmers mainly in the Doaba region of Punjab (Gill and Gill, 1990; Singh, 1997). The company brought deep tillage technology and supplied seed, fertilizers, and consultancy services to contracted farmers. At the time of payment, the farmers were charged for input supply and consultancy services. This raised the yield of the contracted crops and increased supply in the market. This led to a reduction in prices of contracted crops and the company ran into problems with contracted farmers on the issue of procurement of agreed quantity at the contracted price. The bumper harvest led to a glut in supply and the company tried to buy from the open market at lower prices and purchased less from the contracted farmers. In another crop cycle, when production decreased leading to scarcity in supply, the farmers tried to sell in the open market and supplied less quantity to the company's plant. The farmers became angry with the company and spilled tomatoes and potatoes on the roads and streets of Jalandhar city to highlight their woes about the glut situation. In the meantime, policy framework changed in the country after the economic reforms of 1991and the licensing system was dispensed with. Pepsi Co. began to show its interest in withdrawal from the agro-processing plant. In 1994, Pepsi Co. made an offer to both Voltas India and PAIC to buy their equity on attractive terms. Voltas sold all their shares to Pepsi Co. and PAIC was forced to pull out. After becoming the sole proprietor, the Zahura agro-processing plant was sold to Hindustan Unilever Limited. Later on, this plant was sold to the DCM company and is now closed as a defunct unit. This gave a big shock to the first effort at diversification of agriculture in Punjab. In 2002, the Government of Punjab again constituted a committee under S S Johl to study the problems of agriculture and when this committee submitted its report, it again suggested diversification of agriculture (Johl Committee-II, 2002). In pursuance of the recommendation of the committee, the Government of Punjab prepared a proposal to pay Rs. 12500 per hectare (or Rs. 5000 per acre) to farmers who shifted away from wheat-paddy rotation. This was submitted to the Union Government which did not approve it. In 2003, the Government of Punjab launched its own crop diversification programme in the state. This was done by involving a group of private companies. The farmers were persuaded to enter contract farming with these companies. The package included that companies would supply seeds for alternative crops, provide extension services and will charge the farmers after the crops were procured by companies. The companies included in this list were Tata Rallis India, Pepsi Foods, Mahindra Shublabh and Advanta India. The new crops identified for diversification were *hyola*/mustard, barley, winter maize, durum wheat, sunflower, spring corn for rabi crops and basmati rice, guargum, castor/jatropha and groundnut for kharif crops. In addition, vegetables, fruits and fodder were added for both the crop seasons. Punjab Agro Foodgrain Corporation (PAFC) was made the nodal agency for its implementation. The mechanism adopted by PAFC was to bring farmers in contact with these companies for designated areas and crops for contract farming. But the programme failed miserably on account of the behaviour of these companies. A field study conducted by the author in Patiala district brought out that since contracting companies did not have field offices at village/bloc level, they appointed agents from amongst commission agents/traders for getting farmers registered for contract farming. These companies did not have their own agricultural research farms; they purchased seeds from cheap sources without examining their suitability and supplied to the farmers. Several farmers complained that seeds of Hyola/mustard, peas, carrot, winter maize, and sweet chili did not germinate. When the farmers tried to contact the company on phone numbers given to them, no one picked up their phone calls. Then they tried to establish contact with the Chief Agricultural Office at Patiala, which had no information about these companies. The farmers were upset and felt cheated. When other contracted crops matured, these companies arrived late in the market and many farmers sold their produce at prices lower than they had been assured in the contract (Gill, 2004). This outcome was confirmed further by other large studies covering the state (Dhaliwal et al, 2003; Kumar, 2006; Dhillon and Singh, 2006). There is a common observation in these studies that in spite of written agreements, in the PAFC model of diversification, companies did not provide extension services to the farmers and nor made efforts to lift the produce at contracted prices. In the nieghbouring state of Himachal Pradesh, apple growers also suffered at the hands of the Adani group. This company procured A grade, premium quality apples at Rs 88 per kg. in 2020 but lowered this price to Rs.72 per kg. in the apple season of 2021. This set in motion the process of fall in prices of all other varieties of apples, upsetting the apple economy of the state (Verma, 2021). It is very well known that sugarcane farmers have suffered at the hands of sugar mills during the last decade. A large number of farmers were not paid their dues for more than five years in Punjab, Haryana and UP. This type of behaviour by corporate companies has created a deep rooted suspicion in the minds of farmers against the corporate sector. This has eroded the credibility of the governments and bureaucracy to protect farmers against unfair practices of corporate companies. They look at the government officials as biased in favour of corporate entities in their interface with the farming community. In a situation of conflict between farmers and these companies, officials either remain indifferent or side clandestinely with the companies.

## V. Summing Up

With the implementation of economic reforms in 1991, Indian economy entered a path of fast economic growth. The economy got integrated with the global economy through investment, business, trade, services and finance. These reforms were in the areas of industry, finance, trade and business sectors and did not directly touch the agriculture sector. Consequently, the influence and grip of private corporate sectors has shown a fast growth with the emergence of a large number of dollar billionaires in the country. The control of private companies now extends to all other areas earlier prohibited to them. These companies exercise control over major part of the income in the economy. The corporate sector now accounts for 55.8% of the gross value added in the country and is under the dominance and control of private companies. A major part of value addition in the corporate companies is captured by large business conglomerates who are included in the global list of billionaires. Public policy in the country has been working in such a way that it has helped the corporate sector to grow rapidly. The influence of the private corporate sector seems to be apparent on public policy. After experiencing substantial growth, these companies are now faced with slowdown in further expansion. As a result, they are looking towards rural areas and agriculture to push forward their activities. Several Indian and foreign companies have shown interest in agricultural related activities. This includes seed production, production of agricultural machinery and equipment, fertilizers, insecticides and pesticides and trading of fresh vegetables and fruits. They are further interested in increasing their business in marketing, storage, processing and export of all agricultural commodities including food grains. They are ready to establish their private markets and want to buy from farm gates through contract farming. At present, a major part of agricultural trade in food grains is handled by public agencies through procurement for the public distribution system (PDS). In states of Punjab, Haryana, Western UP, food grains are procured by Food Corporation of India through the APMC markets. The procured food grains are distributed among the poor and currently 80 crore people in India are given free food through PDS. The move by the Union Government to involve corporate companies in food grains and other non-perishable crops is opposed by farmers' unions. There are several reasons which need to be understood. There is fear in the minds of farmers that expansion of activities of corporate companies in the agricultural marketing, trade, storage and export will marginalise them further, as happened in advanced countries. They have apprehensions that via contract farming, private companies will first control cultivation operations and later on, take over their land, turning them into agricultural labourers. They feel safe and secure while dealing with public sector procurement agencies. In case of problems, they can put public pressure on elected politicians and seek redressal. The experience of farmers in their dealing with corporate private companies is not pleasant, especially in the recent past. These companies, in most cases, operate in an oligopoly market structure. Under such a market structure, they enjoy superior market power to buy cheap from the farmers and sell at higher prices to consumers. This has created distrust among farmers against these companies. They also do not trust the bureaucracy and politicians who support the engagement of private corporate entities in agriculture related activities. A large mass of farmers, belonging to marginal and small categories, are threatened with eviction from agriculture but seek to cling on to agriculture because the economy is not creating the necessary employment opportunities for them.

Thus, the contemporary agrarian situation demands that lessons are learnt from our own experience of transition of the economy. In the absence of creation of sufficient alternative sources of employment for the workforce threatened to be released from agriculture, any new initiative by the government will be viewed with suspicion. Difficulties of enforcement of contracts between farmers and companies are an important aspect of the current reality in India. The large companies use their superior market power to turn the market situation in their favour at the time of harvesting of crops. Since farmers do not have storage capacity and need to unload their crops immediately after the harvest, in the absence of public agencies, these companies, by entering late in the market, force the farmers to sell at lower prices. It is important that public procurement agencies in agricultural marketing are strengthened to avoid a crash in prices. For instance, the strong presence of cooperatives in milk marketing and processing have increased and sustained farmers' share in consumer prices. Any policy measure which does not take into consideration this aspect of public procurement is not likely to succeed.

The justice delivery system in the country is costly and overburdened with a backlog of cases. It is not able to handle it efficiently and quickly. Moreover, parties involved in the enforcement of contracts are unequal. Corporates are endowed with huge amounts of financial resources and market power while most of the farmers are poor and involved in a debt trap. The former can engage reputed lawyers while the latter are not in position to do so. At the same time the behaviour of leading Indian corporate companies lacks sensitivity towards agriculture and the farming community. Given the present conduct and behaviour of corporate companies, public sector companies must take the lead to help the rural and farming community.

The economy is not creating enough employment to absorb the workforce being released by automation, digitisation and mechanisation. In this situation, it is better to think and evolve policy measures to make marginal and small farmers viable so that they can continue with farming. This can be done by increasing the income of these farmers along with the generation of employment opportunities for agricultural labourers. This is possible by involving farming communities in marketing, storage and processing of agricultural produce at the level of a village or group of villages. The engagement of farmers in storage and processing can lead to value addition and increase in the income of farmers and rural labour. This can be done by encouraging the formation of farmers' groups in villages. These groups can be organised as co-operatives, self-help groups, framer producer organisations (FPOs) or any other form suited to local areas. In this task farmers' unions need to be engaged for rural and agricultural development. Instead of treating farmers' unions as symbols of opposition to the government, they can be instruments of social transformation. This necessitates that they are trusted and supported for a positive role in the rural economy. This is the only way to protect soil, save water and ensure a clean environment. Historical experience in India and abroad shows this task cannot be entrusted to big corporate companies.

The Union Government needs to involve farmers' unions in dialogue to understand the fears and difficulties of the farmers and the farming community. The stubborn attempt to block farmers from reaching Delhi earlier and now at the Punjab-Haryana borders, to stop them from registering their grievances with the Union Government has alienated them. The timing of the government initiatives earlier enacting three farm laws during Covid-19 in 2020 and now the issue of a draft National Framework of Agriculture Marketing in November 2024, when farmers are agitating on Punjab-Haryana borders, has irritated and angered the farmers. This is sending wrong signals to the farmers and creating an image that the government is biased against them and only for promoting corporate business in the country. At a time when the world environment is changing fast, national interest demands that farmers of the country should not feel alienated. It is the right moment to initiate a dialogue with the farmers' unions and enter into a negotiated settlement on a broader policy perspective.

Building consensus on policies and programmes develops a climate for investment in the country while conflicts deteriorate it.

**Notes**

(1) Crony capitalism is defined as is an economic system in which industrialists and businessmen use their political connections to get favours through tax concessions, grants and other form of support and is seen as suppressing open competition.
(2) The farm laws enacted in India in 2020 and withdrawn in 2021 were as follows:
(i) The farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020
(ii) The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020. This is also known in short as the Contract Farming Act, 2020.
(iii) The Essential Commodities (Amendment) Act, 2020.
(3) The top 20 landowners in the USA each owning land between 5.50 lakh acres to 24.11 lakh acres. The names are given in descending order in terms of landownership. They are: Emerson Family, John Malone, Ted Turner, Stan Kroeke, Reed Family, Irving Family, Buck Family, Singleton Family, Brad Kelley, King Ranch Heirs, Pingree Heirs, Briscoe Family, Wilks Brothers, Lykes Family, Ford Family, O'Conner Heirs, Thomas Peterrffy, Wetavelt Heirs, Stimson Family, Martin Family. The total land owned by the top 20 families is 206.80 lakh acres. (Source: Jim Dobson (2024), "The Ten Top Landowners in America", www. Forbes.com)

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