

CHAPTER-I

CORPORATISATION OF AGRICULTURE: CONCEPT, GROWTH AND PERSPECTIVE

Indian agriculture remains a key sector especially in rural India and has the potential for reducing poverty and hunger in the rural areas. Although the primary agricultural activities are gradually declining as a share of the total economy with agriculture contributing only 17% of the GDP in 2007- 08¹², agriculture continues to support nearly 50% of employment in rural areas and shares 13% of the total Indian export.¹³ In Bengal, agriculture contributes 27% of GDP while industry shares only 22%.¹⁴ Corporatisation of agriculture is a very recent phenomenon.

The word corporatisation 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.¹⁵ 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"¹⁶ or a "body of persons (in case of a corporation sole) which is recognised by the law as having a personality which is

¹² The Times News Network: The Times of India: 31st May, 2008. at pg. 16.

¹³ Suresh Chandra Babu: 'More Supportive Policies': The Annual Survey of Indian Agriculture, 2004; New Delhi.

¹⁴ Dhruva (DJ) Chakraborty: Silent Transition: Look East for better business: The Times of India: 27th February, 2009, at pg. 1.

¹⁵ Oxford Advanced Learner's Dictionary; 6th Edition 2000; Oxford University Press at pg.279

¹⁶ Oxford Dictionary of Law; 5th Edition 2002; Oxford University Press at pg. 125

distinct from the separate personalities of its' members."¹⁷ 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

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

DEVELOPMENT OF THE IDEA OF CORPORATISATION IN INDIA

The very idea of corporatisation is backed by the theory of neo-liberalism which holds that the world would be a much better if there are no government owned trading enterprises.¹⁸ Privatization became a more dominant economic trend (especially within the United States and the United Kingdom) during the 1980s and '90s.

¹⁷ Halsbury's Laws of England, 4th Edition, 2005, LexisNexis Butterworths, Vol.9 para.1201.

¹⁸ P. Murphy, "What is Corporatisation: The Voice of the Pensioners and Superannuates of the NSW", <http://www.cpsa.org.au>, uploaded during March- April 2004; at pg. 12, visited on 3rd March, 2006 at 3.15 P.M.

People with accumulated a bulk of resource became interested to invest them for the purpose of setting up of industrial units in corporate style. Traditionally, agriculture was not financially viable and not much investment was made in this sector.

PRE GREEN REVOLUTION ERA: Historically, the idea of corporatisation had been pioneered by the British in India through corporate activities in some cash crops like jute, tea etc. As the technological know-how's advanced, newer technologies evolved machines that replaced manual power with mechanical power. The matter of Corporatisation of agriculture based on crops or locations started in the year 1839 when the Assam Tea Company was set up in London to institutionalise the cultivation of tea.

GREEN REVOLUTION: Corporatisation of agriculture in India can be seen as the second stage of the Green Revolution¹⁹. Under Green Revolution a shift took place from using the traditional mode of cultivation to a technology based cultivation which is similar to the one contemplated under corporatisation of agriculture. The period of mid- 1960s was a very significant from the point of view of agriculture. This phase experienced the outstanding yield as a result of the development of the High- Yielding Varieties (HYV) of seeds coupled with proper irrigation facilities and extensive use of fertilisers, pesticides and insecticides. This new 'agricultural strategy' was put into practice for the first time in India in kharif season of 1966 and was termed as High Yielding Varieties Programme (HYVP). However, this programme was restricted to only five crops, viz- wheat, rice, jowar, bajra and maize. It cannot be denied that the green revolution improved the productivity with the help of modern farm practices, but at the same time, it

¹⁹ Vandana Shiva, "The Threat of Globalisation of Agriculture", at papadop@peak.org available at <http://www.hartford-hwp.com/archives/25a/007.html> visited on 3rd March, 2006 at 3.05 P.M.

aggravated poverty as unequal and unfair contracts locked small farmers in new form of bondage.²⁰

POST GREEN REVOLUTION- THE WTO ERA: Agriculture has been a highly debatable issue in the post liberalisation phase. The Uruguay Round of GATT advocated for the infusion of private foreign corporations into the sector. Backed by the industrialized nations, now the demand is for total freedom of investment as a right. Corporations want the right to enter and establish themselves with 100% equity, and total freedom to repatriate profits. They could buy farmers' land, set up plantations and fisheries and also undertake livestock rearing. These corporations thus become the only beneficiaries of free trade with no duty for ensuring food for all. As Senator McGovern of the US Senate had stated, *'Food security in private hands is no food security at all' because corporations are in the business of making money, not feeding people.'*²¹

Globalisation as evolved in early 90's camouflaged the corporatisation of agriculture by creating a jargon about competitiveness, market access, aggregate measure of support which hides the emergence of corporate monopolies, the dumping of subsidized products, and the growth of corporate subsidies. These policies have pushed farm prices downwards and costs of production upwards. Withdrawal of subsidies in the input sector and the deregulation of the seed and input sector has worked together to raise costs of production and push farmers into a debt trap. As such, the Government of India announced the first National Agricultural Policy on July 28, 2000 which ultimately suggests the corporate control on agriculture.

²⁰ Ibid

²¹ Globalisation of agriculture and rising food insecurity, available at <http://www.twinside.org.sg/title/food-cn.htm> visited on 3rd May, 2008 at 9.28 PM.

The National Agricultural Policy: - The National Agricultural Policy, in addition to these, focused the followings-

1. consolidation of holdings all over the country on the pattern of the north- western states
2. redistribution of ceiling surplus lands and wastelands among the landless farmers, unemployed youth with initial start up capital
3. tenancy reforms to recognise the rights of the tenants and share croppers
4. Development of base markets for increasing the size of the holdings and making legal provision for giving private lands on lease for cultivation and agri business, updating and improvement of land records, computerisation and issue of land pass books to the farmers and recognition of women's right in land.

However the present trend of corporatisation targets various other crops. Huge investments are pouring into the agro sector after the VII Five Year Plan. The agriculture sector has now caught the investor's imaginations in India. The process of corporatisation of agriculture includes-

1. Setting up of industries based on agricultural products.
2. Consolidation of land holding.
3. Modernisation of industry and the multiplication of agricultural outputs;
4. Improvement of productivity by increasing the incentives on invested capital in the agricultural sector;
5. Reformation of agro industry.
6. Advanced use of commodities through food processing.
7. Meeting the need of agro based industries after satisfying demand for food.

8. Faster decision-making with least Government intervention.
9. Introduction of integrated, modern farm management practices and the building up of efficiencies.
10. The efficient use of the available tools like easy flow of credit, risk management practices and benchmarking.

THE CONSTITUTION OF INDIA AND CORPORATISATION OF AGRICULTURE

The preamble of our Constitution declares India to be a "*Sovereign, Socialist, Secular, Democratic Republic.*" In *re Berubari*²² case, the Supreme Court has laid down that the Preamble is the key to open the mind of the makers, and shows the general purposes for which they made the several provisions in the Constitution. So, according to the Preamble of the Constitution, India is a socialistic country wherein the principle of democratic socialism prevails. Generally, the term socialism implies a system of government in which the means of production is wholly or partly controlled by the state. In democratic socialism underlines the idea of welfare state which aims to prevent exploitation and free competition without destroying the individual initiatives and without detriment to political freedoms. In *Excel Wear v. Union of India*²³ the Court held that the addition of the word 'Socialist' might enable the courts to lean more in favour of nationalisation and the state ownership of an industry. But as long as private ownership is recognised and an overwhelming proportion of the economic structure will not be welfare oriented. Again, in *D.S. Nakara v. Union of India*²⁴, the Supreme Court has held that the basic framework of socialism is to provide a decent standard of life to the working people and especially provide

²² AIR 1960 SC 845.

²³ AIR 1979 SC 25.

²⁴ AIR 1983 SC 130.

security from cradle to grave. This envisages economic equality and equitable distribution of income. This is the type of socialism that is to be established in India. The 42nd Amendment, 1976 of the Constitution inserted the words "*Sovereign, Socialist, Secular, Democratic Republic*" into the Preamble. Thus socialism is implicit in the preamble and the Part IV, the Directive Principles of state Policy, particularly Article 39 (b) and (c) of the Constitution are the Charters of the social and economic liberties of the people.

Corporatisation of agriculture is a concept which embodies the capitalistic ideals of the entry of the corporate bodies and thereby to commercialise the sector. Commercialisation is the other name of multiplication of profit. Agricultural sector is one of the most important sectors of our economy not only because it provides food, clothing and basic needs but also because the number of people engaged in this sector is much higher than any other sectors. Agriculture is a state subject. Under Article 246, List-II, Entry 14 it is so provided that- agriculture, including agricultural education and research, protection against pests and prevention of plant diseases. Again Entry 30, List II provides the regulation of money- lending and money lenders; relief of agricultural indebtedness. Finally, Entry 32, List II provides for the incorporation, regulation and winding up of corporations other than specified in List I²⁵ and universities; unincorporated trading, literary, scientific, religious and other societies and associations; co- operative societies. Thus, the issue of corporatisation of agriculture may be addressed as a state subject.

²⁵ Art. 246 of the Constitution, Entry 42 & 43, list I.

CORPORATISATION OF AGRICULTURE: THE WEST BENGAL SCENARIO

There is no single legislation to control the issue of corporatisation of agriculture in West Bengal because the government of West Bengal has not taken the decision of corporatising agriculture here. Agriculture being a state subject, the State legislature is free to make legislations on this head. Simultaneously, there are certain issues related to agriculture on which the Parliament passed legislations.

THE SEEDS ACT, 1966: The most important legislation recognising the corporate entry and its regulation in agricultural sector is the Seeds Act, 1966. Under Section 5 of the Act, if the Central Government, after consultation with the Central Seed Committee, is of the opinion that it is necessary or expedient to regulate the quality of seed of any kind or variety that is to be sold in different States or areas, then it may do so. Section 7 of the Act is regarding sale of seeds of notified varieties. Section 8, of the Act deals with establishment of Certification Agency both at the State and Central Level. Section 8(a) of the Act, deals with the constitution of the Central Seed Certification Board. Section 9 is about the procedure of the Granting Certificate by the Certification Agency. Section 10 deals with the power of revocation of certificate. State Governments may under Sections 12 & 13 of the Act appoint Seed Analysts and Seed Inspectors and define the areas within which he shall exercise the jurisdiction. Restrictions may be imposed on the export and import of seeds of notified varieties under Section 17 of the Act. Section 19 and 21 impose punishments to the persons or companies contravening any provisions of the Act.

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**THE PROTECTION OF PLANT VARIETIES AND FARMER'S
RIGHTS ACT, 2001:** The Protection of Plant Varieties and Farmers'

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Rights Act, 2001 was enacted, inter alia, to recognise the role of farmers as cultivators and conservers of the country's agro biodiversity through a mechanism of incentives. The Act aims to achieve the objectives like-

- (a) Stimulation of investment for research and development, both in the public and private sector.
- (b) Facilitation the growth of the seed industry, and
- (c) Recognition and protection of the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available the plant genetic resources for the development of new plant varieties²⁶.

The Act recognises the concept of benefit sharing under Section 26 on a variety of seed registered under Section 24 of the Act. Section 27 requires the breeder to deposit such quantity of seeds or propagating material including parental line of seeds of registered variety in the National Gene Bank. Section 30 provides the researcher's rights. Section 39 provides the recognition of the farmer's right over his developed breed through registration of the breed and entitling him to save, use, sow, re-sow, exchange, share or sell his farm produce including seed of a protected variety. However, the farmer is not entitled to sell branded seed of a protected variety. Section 43 of the Act denies a breeder the authority to produce sell, market or otherwise deal with a variety of seed produced by another farmer except with the consent of that farmers or group of farmers or community of farmers who have made contribution in the preservation or development of such variety.

THE PLANTATIONS LABOUR ACT, 1951: The Plantation industry in India is among the largest private employers in India. It is spread

²⁶ Section 2(za) of the Plant Varieties and farmer's Rights Act, 2001.

across the States of Assam, Kerala, Tamil Nadu and West Bengal. This is an organised corporate sector. The Plantations Labour Act, 1951 applies to any land used or intended to be used for growing tea, coffee, rubber, cinchona or cardamom or any other plant which measures 5 hectares or more and in which 15 or more workers are employed on any day of the preceding 12 months. The Act under Section 4 empowers the state government to appoint the chief inspector of plantations and other persons to be inspectors subordinate to the chief inspector. Under Sections 5&6 he is entitled to enter, inspect and examine and make inquiries to ascertain whether the provisions of this Act are being observed in any plantation. Section 19 of the Act prescribes, to work hours for the workers. The Act also mandates that women and children can be employed only between the hours of 6am and 7pm unless permitted by the State Government²⁷. Section 30-31 provides the rules regarding leave etc. The worker is entitled to average daily wages including D.A., cash value of food and other concessions, if any allowed to him by the employer. Women workers are entitled to maternity allowance and benefits under the Maternity Benefit Act, 1961²⁸. The Employers are under obligation to maintain a register of accidents and notify the authorities of any accident where a plantation Worker suffers death or body injury and he is unable to report for work for forty eight hours or more²⁹.

THE DANGEROUS MACHINES (REGULATION) ACT, 1983: The Act Under Section 2 declares in the public interest that the Union should take under its control the industries engaged in the manufacture or production of power threshers or any other machines which are intended to be used in the agricultural or rural

²⁷Section 25.

²⁸ Section 32

²⁹ Ibid

sector and which are of such nature that any accident in the course of operation thereof may cause its operator death, dismemberment of any limb or other bodily injury.

THE MINIMUM WAGES ACT, 1948: The Minimum wages Act, 1948 is a very important legislation as it empowers the appropriate Government, Central or State to fix minimum rates of wages payable to employees³⁰. Section 4 of the Act deals with the components of Minimum Wages. Section 22E provides protection against the attachment of assets of employer with government.

THE CONSUMER PROTECTION ACT, 1986: Farmer is a consumer of seeds, manure and other necessities for agriculture. The Consumer protection Act, 1986 gives protection against any good or service regarding their quality, quantity and the aggrieved persons can get the remedy against the breach of this.

THE LAND ACQUISITION ACT 1894: The Land Acquisition Act 1894 is one of the most important statutes in regard to land. The Act under Section 4 empowers the appropriate Government to acquire a land if needed or likely to be needed in any locality for any public purpose or for a company a notification to that effect shall be published in the Official Gazette and in two daily newspapers circulating in that locality of which at least one shall be in the regional language and the Collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality. Section 5A deals with the hearing of objections. Section 6 of the Act requires that such land must be for public purpose or for a company and no such declaration shall be made unless the compensation to be awarded for such property to be paid by a company, or wholly or partly out of public revenues or

³⁰ Defined as persons “employed for hire, reward to do any work, skilled or unskilled, manual or clerical, etc. in the scheduled employments”.

some fund controlled or managed by a local authority. Section 23(1) of the Act is speaking about the procedure for the determination of compensation. In case the proposed land is to be used by a company, under Section 41 of the Act the relevant Company has to make an Agreement with the relevant state Government and under Section 42 of the Act such agreement shall have to be published in the Official Gazette as soon as possible by the Government. In addition to these existing provisions, due to the adoption of the National Policy on Rehabilitation and Resettlement, 2007 certain amendments to the Land Acquisition Act, 1894 are supposed to come which includes-

- Provision for acquisition of land for companies to be deleted.
- Government shall acquire land for private companies only when private requiring bodies acquire atleast 70% of the land requirements through direct purchase, then only the Government will acquire remaining 30% area.
- The ambit of persons interested proposed to be redefined for inclusion of tribal and other traditional forest dwellers also.
- Compensation of the land is to be calculated at the market value.
- Provision for solatium to be enhanced from the existing 30% of the market rate to 60% of market rate in cases of normal acquisition and 75% in case of urgent acquisition.
- Compensation will be given within timeframe before actual displacement.
- Bar on jurisdiction of civil court for providing speedy compensation to the displaced person.
- Land acquired for a purpose remains unutilised for a specified time, would revert to Government.

- In case of transfer of acquired land, 80% of the net unearned profit would be shared with the original land owners on their legal heirs.

THE WEST BENGAL LAND REFORMS ACT, 1955: The Act recognises the continuation of right of cultivation of a bargadar³¹ even after his death under Section 15 A and Section 17(4) states that no bargadar shall be entitled to cultivate more than 4 hectares of land. Section 21D mandates the entry of the name of the bargadars in respect of every raiyat in the record-of-rights. Under Section 39 the Government may, on the representation of a raiyat in any area, or on its own motion, acquire lands in any area on payment of compensation to that raiyat. Section 40 deals with the redistribution of land to the raiyat whose land have been acquired, in such a manner as it thinks fit.

THE WEST BENGAL AGRICULTURAL PRODUCE MARKET (REGULATION) ACT 1972: The Act seeks to regulate the buying and selling of the agricultural produces by establishing markets for agricultural produce in the state. The State Government under section 3 may by notification declare any area to be a market area. Under section 4 the State Government may by notification declare any area to be a market yard and sub market yard within which purchase and sale of such agricultural produce can be regulated. Section 5 of the Act is regarding the establishment of the Market Committee for every market area which is a body corporate having perpetual succession. The officers or employees of the market committee enjoy the power to inspect, search or seize any record, agricultural produce from any vehicle, boats or any conveyances if he has the reason to believe the due is not paid by him. Section

³¹ Section 2(2) of the West Bengal Land Reforms Act, 1955.

20(xi) of the Act inter alia prescribes for the application of the market committee fund for fostering co- operative marketing societies in the procurement and the organisation of profitable disposal of produce particularly the produce belonging to the small and marginal farmers³². Section 36 is for the constitution of the West Bengal State Marketing Board. Under Clause 3, sub- section G of Section 36 the Act prescribes that the West Bengal State Marketing Board Fund may be utilised inter alia, for the following purposes-

- Better marketing of agricultural produce,
- Marketing of agricultural produce on co- operative lines and assisting the co- operative marketing societies in the procurement of produce belonging to small and marginal farmers and their disposal,
- Taking of steps to stop distress sale in conjunction with other agencies, State or Central,
- Provision for transport and storage facilities,
- Provision for transport and storage facilities,
- Participation in any scheme designed to augment and improve production and the betterment of agricultural produce,
- Acquisition, establishment or management of the retail markets, periodic hats and fairs located in market areas
- Imparting education on marketing and agriculture,
- Construction of godowns.

³² Under this Act, small farmer means a farmer who possesses more than two hectares but less than four hectares if he is a member of any of the Scheduled Tribes and more than one hectare but less than two hectares in other cases, of land, either as an owner or as a raiyat or as a share- cropper and marginal farmer means a farmer who possesses not more than two hectares if he is a member of any of the Scheduled Tribes and one hectare in other cases, of land, either as an owner or as a raiyat or as a share- cropper.

THE WEST BENGAL UTILIZATION OF LAND FOR PRODUCTION OF FOOD CROPS ACT, 1969: The Act provides for the requisitioning of land with a view to better utilization for the production of food crops for meeting the shortage of food grains in the state. The Act under Section 3 speaks for the power to requisition land by the Collector. The Collector may by order in writing, requisition any land if he is of the opinion that such land is suitable for the production of food crops and is likely to be utilised during the current or the ensuing agricultural season provided that no land which forms part of any homestead or cremation or burial ground or of any place of worship shall be requisitioned under this Section. Such requisition shall be made for such period, not extending beyond the agricultural year in which the order under sub- section (1) is made, as may be specified in the order. Section 5 provides the provision regarding the utilisation of land. As soon as possible after the Collector is in possession of any land requisitioned under Section 3, he shall, by order in writing, make over possession thereof for such period not exceeding beyond the current agricultural year as he thinks fit to any person utilising such land for the production of such food crop as may be specified in the order. In making over such possession of any land under sub- section (1), the Collector shall whenever possible give preference to persons who own no land or own less than 0.8094 hectare of land and who are residents of the locality where such land is situated and who intend to bring such land under personal cultivation³³. A person to whom possession of any land has been made over under sub- section (1), shall be entitled to do in, on or with respect to, such land all things necessary for utilization of such land for the production of such food crops as may be specified in the order issued under the said sub section³⁴. It shall not however be

³³ Section 5 (2)

³⁴ Section 5(3)

deemed to confer on any person the status of a tenant or to confer on him any transferable right³⁵. Section 6 of the Act is dealing with the Delivery of produce of its money value to the Collector. Under this, any person to whom possession of any land has been made over under sub- section (1) of Section 5 or who has been allowed to continue to remain in possession of such land under Clause (a) of Section 10 of the Act shall-

(a) deliver to the Collector or to any officer authorised by the Collector in this behalf thirty- five percent of the gross produce from such land for any agricultural season or pay its money value to be determined by any Collector in such manner as may be prescribed and

(b) after the expiry of the period for which possession has been made over to him under sub- section (1) of Section 5 or he has been allowed to continue to remain in possession under Clause (a) of Section 10, give back possession of such land to the Collector or to any officer authorised by the Collector in this behalf and in default of his doing so the Collector may take possession thereof by force, if necessary.

If such person fails to deliver the produce or money value thereof referred to in Clause (a) of sub section (1) within such time as may be fixed by the Collector in this behalf, the money value shall be recoverable as a public demand³⁶. when any land is requisitioned under Section 3 of the act, "person interested" shall be paid compensation at the rate of twenty- five percent of the gross produce from such land for the period for which such land has been requisitioned, or it's money value determined under Section 6³⁷. However, in case of the total failure of crop from such land or if for any reason such land has not actually been utilised, the amount of

³⁵ Section 5 (4)

³⁶ Section 6 (2)

³⁷ Section 7

compensation per annum shall be at the rate of three percent of the market value of such land on the date of the order of requisition³⁸. The term 'persons interested' includes all persons claiming an interest in compensation to be paid on account of the requisition of land under the provision of this Act and a person shall be deemed to be interested in an easement affecting the land.

The COMPANIES (AMENDMENT) ACT, 2002: The Company Act, 1956 is a very important piece of legislation in this regard. Originally, under the Companies Act, 1956 even if there was no reservation regarding the entry of corporate bodies into the agriculture, the Central and State governments as well as the corporate bodies were not showing much interest in this sector. After the emergence of the WTO especially after TRIMs this sector is gradually opening up before the corporate bodies.

COMPANIES (AMENDMENT) ACT, 2002: this is a very significant step towards Corporatisation. In this amendment, the insertion of new Part IXA titled as 'PRODUCER COMPANIES'³⁹ empowers the Registrars of Companies to convert the primary produce⁴⁰ co-

³⁸ Ibid

³⁹Section 581A (l): "Producer Company" means a body corporate having objects or activities specified in section 581B and registered as Producer Company under this Act.

⁴⁰Section 581A (j): "Primary Produce" means- (i) produce of farmers, arising from agriculture (including animal husbandry, horticulture, floriculture, pisciculture, viticulture, forestry, forest products, re-vegetation, bee raising and farming plantation products), or from any other primary activity or service which promotes the interest of the farmers or consumers; or (ii) produce of persons engaged in handloom, handicraft and other cottage industries; (iii) any product resulting from any of the above activities, including by-products of such products; (iv) any product resulting from an ancillary activity that would assist or promote any of the aforesaid activities or anything ancillary thereto; (v) any activity which is intended to increase the production of anything referred to in sub-clauses (i) to (iv) or improve the quality thereof.

operatives into companies. As per the Act, any ten or more individuals, each of them being a producer⁴¹ or any two or more Producer institutions, or a combination of ten or more individuals and Producer institutions, desirous of forming a Producer Company having its objects specified in section 581B and otherwise complying with the requirements under the Act may apply before the Registrar of the Companies for incorporation of the same.⁴² The Company so formed, shall have the liability of its Members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them and be termed a company limited by shares.⁴³ These companies are to deal with the producers with objects⁴⁴ under Section 581B of the Amendment Act. Under the Act, the Board may⁴⁵, subject to the provisions made in articles, provide financial assistance to the Members of the Producer Company by

⁴¹Section 581A (k): "Producer" means any person engaged in any activity connected with or relatable to any primary produce.

⁴² Section 581C (1);

⁴³ Section 581C (3);

⁴⁴ The Producer Company shall relate to all or any of the following matters, namely: - (a) production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the Members or import of goods or services for their benefit, (b) processing including preserving, drying, distilling, brewing, vinting, canning and packaging of produce of its Members; (c) manufacture, sale or supply of machinery, equipment or consumables mainly to its Members; (d) providing education on the mutual assistance principles to its Members and others; (e) rendering technical services, consultancy services, training, research and development and all other activities for the promotion of the interests of its Members; (f) generation, transmission and distribution of power, revitalization of land and water resources, their use, conservation and communication relatable to primary produce; (g) insurance of producers or their primary produce; (h) promoting techniques of mutuality and mutual assistance; (i) welfare measures or facilities for the benefit of Members as may be decided by the Board; (j) any other activity, ancillary or incidental to any of the activities referred to in clauses (a) to (i) or other activities which may promote the principles of mutuality and mutual assistance amongst the Members in any other manner; (k) financing of procurement, processing, marketing or other activities specified in clauses (a) to (j) which include extending of credit facilities or any other financial services to its Members.

⁴⁵ Section 581ZK. The Companies (Amendment) Act, 2002.

way of- credit facility, to any Member, in connection with the business of the Producer Company, for a period not exceeding six months. However, loans and advances, against security specified in articles to any Member is repayable within a period exceeding three months but not exceeding seven years from the date of disbursement of such loan or advances.

CORPORATISATION OF AGRICULTURE: NEED OF THE DAY

Though agriculture sector involves a vast population and provides the livelihood to them; a shabby picture emerges due to several reasons. A large number of rights still remain unrecognised in this sector. The only organised sector that is associated with plantation also is not properly regulated because it is largely in the private sector. In addition the rapid urbanization, sustained income growth, improvement in infrastructure, increasing women in workforce, development of storage facilities better access to information on the variety of foods and their quality, changing life style and consumer preferences, and food habits and the development of transport services and market liberalisation, the technological changes have added to the necessity of corporatizing the agricultural sector which has already started significantly through the appearance of the corporate capital with an ambition to invest in the retail sector. Corporatisation in Agriculture involves a tremendous impact on agriculture as it invites-

- i. **INSTITUTIONAL INVESTMENT:** One of the most important features of Corporatisation is the involvement of private investment. Corporatisation involves institutional investment. Investment is defined as "a commitment of funds made with the expectation of some positive rate of return."⁴⁶ An investor has various alternative avenues of investment for his savings to

⁴⁶ Donald E. Fischer and Ronald J. Jordon: Security Analysis and Portfolio Management; 5th ed. Prentice- Hall of India, New Delhi, 1994, pg.2

flow it. But all investments are characterised by features like- Return; Risk; Safety and Liquidity. The objective of the investor is to minimise the risk involved in investment and maximise the return from the investment. In fact, investments are made with the primary objective of deriving a return. Each segment of the agriculture sector needs to be made viableindicating sufficient quantum of funds at right time and cost needs to be made available. Depending upon the different risk factors for different segments, finance will be the major facilitator of the value chain.⁴⁷

- ii. **MODERN FARM MANAGEMENT PRACTICES:** Corporatisation definitely 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 a 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. 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 will facilitate farmer's access to inputs like high-yielding seeds and plant breeds, better quality fertilisers and pesticides. Not only these, the corporate investment will try 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

⁴⁷ Sharad Mistry, Three Day Seminar in Mumbai on the Corporatisation of Agriculture, statement made by Chanda Kochhar, the General Manager, ICICI, Indian Express Newspaper, 25th January 2000.

remove the spectre of distress sales. In addition to these, they will render credit facilities. 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.⁴⁸ 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.

iii. **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.

iv. **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

⁴⁸ Dr. Suresh Chandra Babu, Yield, price, risk, limiting factors: The Hindu Survey of Indian Agriculture, 2007 at pg. 14.

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.⁴⁹ 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.⁵⁰

v. FINANCE, CROP INSURANCE AND MARKETING:

Corporatisation of agriculture will emphasise the supply of quality goods. It will involve the modern technologies and produce quality goods. Like West Bengal in most of the parts of India, farmers are unable to produce quality agricultural commodities.⁵¹ 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.⁵²

The issue of microfinance needs to be adequately addressed by the rural credit institutions. Forming co-operatives is one way to make small farmers credit worthy for organised farmer- run supply chains. Some of the states like Tamil Nadu; Haryana are

⁴⁹ Mr. G. Chandrashekar: Profound changes in retail area: The Hindu Survey of Indian Agriculture at pg.5

⁵⁰ Dr. Mangala Rai and Dr. A. K. Bawa: Profitability a key determinant: The Hindu survey of Indian Agriculture, 2007; pg. 24.

⁵¹ Suprakash Chakraborty: Ananda Bazar Patrika; 22nd September 2007 at pg.7

⁵² Dionne Bunsha: Harvest to death: Frontline September 8, 2006 at pg.13.

taking initiatives on this line e.g. the state of Tamil Nadu has written off Farmers' Co-Operative Loans of worth Rs. 7000 crores in the year 2006⁵³. Very recently, the Central Government has declared near about 70 thousand crore loan waiver to the small and marginal farmers who took loans from the nationalised banks but no policy has yet been framed to repay loans on behalf of the farmers taken from the money lenders. The corporatised agricultural system under which the relevant corporate bodies made statutorily responsible in facilitating the credit to the farmers tied with them, 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.⁵⁴ 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.

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'. 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.

⁵³ www.tn.gov.in visited on 20th Sept.2006.

⁵⁴ O.P. Gupta and P.N. Abrol: Dictionary of Commerce: Anmol Publications; New Delhi 1996 at pg. 19

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. 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.⁵⁵ Crop insurance has a major role in this regard.

vi. 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 will regulate through contracts the sale of the commodities at pre-fixed prices, which will offer better protection to the farmers.

vii. 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 have greater bargaining power and remedy in case of violation of their rights. The corporate body under which the farming activities will be conducted, it will have to satisfy the

⁵⁵ Dr. Suresh Chandra Babu: Yield, price, risk, limiting factors: The Hindu Survey of Indian Agriculture, 2007 at pg. 14.

Triple Test⁵⁶ 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.

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. 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.⁵⁷

⁵⁶ Bangalore Water Supply v. A. Rajappa, AIR 1978 SC 548.

⁵⁷ Vandana Shiva: The Threat of Globalisation of Agriculture; Available online: Micheal P, papadop@peak.org dt. 26th Aug, 1997.

Landlordism: - The Corporate farming in its complete sense of the term suffers from all the defects associated with Landlordism.⁵⁸ 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.

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.⁵⁹ 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.

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, and unsustainable and puts profitability above everything else. The emphasis is on trade rather than sustainable means of domestic production.

⁵⁸ Prof. Gangotri Chakraborty, Land Reforms and Corporatisation of Agriculture: NUJS 2006; at pg. 15

⁵⁹ Vandana Shiva, Threats of globalisation of agriculture: 26th august 2002. available at <http://www.hartford-hwp.com/archives/25a/007.html> visited on 3rd March, 2006 at 3.05 P.M.

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 are not controlled involved in this sector, then the private corporate bodies to maximise profit will not pay due attention in protecting the interests of the common people.

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.

Corporatisation and privatization, has been proved to be a failure in a number of occasions.

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

Profiteering without Social Security dragnet: Profit making motive of the corporate houses will 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.

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.

SOME INTERNATIONAL MODELS OF CORPORATISATION

CHINESE MODEL OF AGRICULTURAL REFORM: - Under this system, the country, very recently, has taken up a project to modernise the same which mainly aims to increase the income of the farmers twice by 2020. It includes, inter alia⁶⁰-

1. No letting up in promoting grain production,
2. Raising of Minimum Purchasing Price for grains on the basis of increase in the price index of the essential commodities which has already been introduced,
3. Increment of subsidies for production, Stabilising the price of agricultural commodities to adjust agricultural infrastructure,
4. Promoting and integrating agriculture with modern entrepreneurial and industrial look,
5. Stepping up agricultural product safety work, improving infrastructure and stepping up agricultural product safety work.

PHILIPPINES MODEL OF AGRICULTURAL REFORM: - In Philippines, the P.O. (Peasants' Organisation) and Non-governmental Organisation are operating in each of the designated provinces held numerous discussion on the mechanics of

⁶⁰ Madan Ghosh: Reported in the Ganashakti: 27th December, 2008 at pg. 04.

collaborating, for the first time in 1986, on a large scale project on the ground. This collaborative and participatory model is popularly known as TriPARAD model. They met with officials from the National through to the regional and local levels- Officials whose support was seen as essential for the success in implementing the programme. This involved several key government agencies, such as the Department of Agrarian Reform (DAR); the Department of Environmental and Natural Resources (DENR); which is responsible for public lands; the Department of Agriculture (DA), which is responsible for support services and the Land Bank for financing. A Technical Advisory Committee of NGOs and the Pos representatives, together with several major university research institutes which helped to guide the programme implementation at each phase, was also set up at national level. The three groups- Pos, NGOs, and government- institutionalized working relationships and partnerships to carry out a concerted, community based agrarian reform, including joint training activities for government and NGO field workers.

ETHIOPIAN MODEL OF AGRICULTURAL REFORM: In Ethiopia, a transitional government came into power in 1991 in the wake of a protracted and destructive civil war. With Washington supporting both sides in the Eritrea-Ethiopia border war, US arms sales spiralled. The bounty was being shared between the arms manufacturers and the agribusiness conglomerates.⁶¹ Patterned on the reforms adopted in Kenya in 1991, agricultural markets were wilfully manipulated on behalf of the agribusiness conglomerates. The World Bank demanded the rapid removal of price controls and all subsidies to farmers. In turn, the markets for farm inputs

⁶¹ Michel Chossudovsky: Genetically Modified Seeds Imposed on Farmers in Developing Countries Trigger Famine and Social Devastation Sowing the Seeds of Famine in Ethiopia: <http://chora.virtualave.net/famine-seeds.htm> visited on 05.05.2009 at 2. 30 pm.

including fertiliser and seeds were handed over to private traders including Pioneer Hi-Bred International which entered into a lucrative partnership with Ethiopia Seed Enterprise (ESE), the government's seed monopoly.⁶² The reform agenda focuses on liberalization and privatization in the fertilizer and transport sectors in return for financing fertilizer and truck imports.⁶³ While the stocks of donated US fertiliser were rapidly exhausted; the imported chemicals contributed to displacing local fertiliser producers. The same companies involved in the fertiliser import business were also in control of the domestic wholesale distribution of fertiliser using local level merchants as intermediaries.

In 1997, the Atlanta based Carter Centre - which was actively promoting the use of biotechnology tools in maize breeding - proudly announced that "Ethiopia had become a food exporter for the first time".⁶⁴ Later on, the US surpluses of genetically engineered maize which were banned by the European Union were being dumped on the horn of Africa in the form of emergency aid. US grain surpluses peddled in war-torn countries also served to weaken the agricultural system. Some 500,000 tons of maize and maize products were "donated" in 1999-2000 by USAID to relief agencies including the World Food Programme (WFP) which in turn collaborates closely with the US Department of Agriculture. At least 30% of these shipments (procured under contract with US agribusiness firms) were surplus genetically modified grain stocks.⁶⁵

⁶² Pioneer Hi-Bred International, General GMO Facts, http://www.pioneer.com/usa/biotech/value_of_products/product_value.htm#, visited on 05.05.2009 at 2. 37 pm.

⁶³ "Mission to Ethiopia, Concept Paper: Back to The Future", United States Agency for International Development (USAID), Washington, June 1993.

⁶⁴ Carter Center, Press release, Atlanta, Georgia, January 31, 1997.

⁶⁵ Declan Walsh, America Find Ready Market for GM Food, *The Independent*, London, March 30, 2000, p. 18.

During the 1998-2000 famine, lucrative maize contracts were awarded to giant grain merchants such as Archer Daniels Midland (ADM) and Cargill Inc.⁶⁶ Moreover, part of the "food aid" had been channelled under the "food for work" program which served to further discourage domestic production in favour of grain imports. Under this scheme, impoverished and landless farmers were contracted to work on rural infrastructural programmes in exchange for "donated" US corn. Meanwhile, the cash earnings of coffee smallholders plummeted. Whereas Pioneer Hi-Bred positioned itself in seed distribution and marketing, Cargill Inc established itself in the markets for grain and coffee through its subsidiary Ethiopian Commodities.⁶⁷ This ultimately locked more than 8 million people in Ethiopia - representing 15% of the country's population into "famine zones". Urban wages have collapsed and unemployed seasonal farm workers and landless peasants have been driven into abysmal poverty.⁶⁸ Again, boosted by the border war with Eritrea and the plight of thousands of refugees, the influx of contaminated food aid had contributed to the pollution of Ethiopia's genetic pool of indigenous seeds and landraces. In a cruel irony, the food giants were at the same time gaining control - through the procurement of contaminated food aid - over Ethiopia's seed banks. According to South Africa's Biowatch: "Africa is treated as the dustbin of the world...To donate untested food and seed to Africa is not an act of kindness but an attempt to lure Africa into further dependence on

⁶⁶ Ibid

⁶⁷ Maja Wallegreen, "The World's Oldest Coffee Industry In Transition", *Tea & Coffee Trade Journal*, November 1, 1999.

⁶⁸ Michel Chossudovsky: *Genetically Modified Seeds Imposed on Farmers in Developing Countries Trigger Famine and Social Devastation Sowing the Seeds of Famine in Ethiopia*: <http://chora.virtualave.net/famine-seeds.htm> visited on 05.05.2009 at 2. 30 pm.

foreign aid."⁶⁹ For the more than 700,000 smallholders with less than 2 hectares that produce between 90 and 95% of the country's coffee output, the deregulation of agricultural credit combined with low farmgate prices of coffee had triggered increased indebtedness and landlessness, particularly in East Gojam popularly known as Ethiopia's breadbasket.⁷⁰

So, Corporatisation through public initiative and its delicate balance with private bodies is the best answer between profitability and public welfare of the agriculture sector.

INDIAN MODELS FOR THE CORPORATISATION OF AGRICULTURE

Golden Triangle Model: - Corporatisation of agriculture can also have many long-term benefits. This system can be illustrated through the "Golden Triangle Model."⁷¹ Under this system; the farmer will provide land and labour. The banker will provide credit in which the corporate body will facilitate credit by acting as a guarantor and performing other spade-works on behalf of the farmer for his financial needs. The corporate partner will also provide the modern technologies; undertake the post-harvest activities and marketing which will lead to quality goods. Thus in such a supply chain management system, the farmer adds his land,

⁶⁹ Maja Wallegreen, "The World's Oldest Coffee Industry in Transition", Tea & Coffee Trade Journal, November 1, 1999.

⁷⁰ Michel Chossudovsky: Genetically Modified Seeds Imposed on Farmers in Developing Countries Trigger Famine and Social Devastation Sowing the Seeds of Famine in Ethiopia: <http://chora.virtualave.net/famine-seeds.htm> visited on 05.05.2009 at 2. 36. P.M.

⁷¹ Nirmal Sandhu: Corporatisation of Agriculture needed at <http://tribuneindia.com/1998/98oct17/agro.htm#3> visited on 3rd April, 2007 at 5.42 P.M.

skill of farming and labour. The corporate sector provides inputs and marketing. The banker provides credit. Under the 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. In order to make the venture a success, the corporate sector needs to invest in critical areas like better inputs and more efficient systems of management and investment.

Concept of the Special Agricultural Zones: - Setting up of Special Agricultural Zones is another important tool to achieve the balance among the increasing pressure of population, job creation, meeting the demands of the consumers, industrial houses. It will also address the question of protection of prime agricultural lands with a focus to build infrastructures like roads, markets and storage facilities in one area and thereby prove farming profitable again. Conservation farming and the care and enhancement of the ecological foundations essential for sustainable agriculture will be bottom line of the SAZ. These agricultural zones should be run like a co- operative, with farmers retaining ownership of their land and acting as stakeholders. This will help to launch an Ever Green revolution, leading to enhancement of productivity in perpetuity without ecological harm. It will help to attract and retain youth in farming by making agriculture both intellectually stimulating and economically rewarding. The system should be so devised that the farmer's co- operative would help to administer the Special Agricultural Zones (SAZ), with the government acting as facilitator. Together, the state and co- operative would determine what additional facilities are needed like- storage, cold storage, cold chains, fish farming, horticulture and also packaging etc. Famous agricultural scientist and the father of Indian Green Revolution, M. S. Swaminathan, has said that "the aim of the SAZ is to conserve

prime farm land for farming and to bring about convergence among all ongoing government programmes.”⁷² The aim of Special Agricultural Zones (SAZs) is to conserve prime farm land for farming and to bring about convergence among all ongoing government programmes, like the Rashtriya Krishi Vikas Yojna, the National Food Security Mission and the National Horticultural mission.

Uttarakhand Model of SAZ: - The Uttarakhand government has already got the ball rolling. The government is also planning to create specialised cultivation areas based on climate and soil condition and the main crops to be grown there. Each zone will have state sponsored water management facilities, including rainwater harvesting, better management of surface, rain and ground water and focus on recycling of gray water and treating of waste water. Inputs like seeds, fertiliser and credit will be provided in a single window, at subsidised rates, either directly by the government through Kisan Banks or in collaboration with the private agencies. The logistical infrastructures like, highways, marketing, better access to markets will help the farmer make more from his produce.⁷³

CORPORATISATION OF AGRICULTURE IN BENGAL

In the midst of the crisis of recession and increasing insecurity about food, it is important to boost up the agro sector. It will only be possible if the existing and available technology is put to optimal use need maximum utilisation of resource like water fertiliser, seed, electricity etc. and strengthen applied research while ensuring value addition and better post-harvest management.

⁷² Reported in The Hindustan Times, Kolkata: 24th March, 2009 at pg.01.

⁷³ Reported in The Hindustan Times, Kolkata: 24th March, 2009 at pg.01.

The price safety net is one of the most important tools which insulate the peasants from the sharp fluctuations in the prices of their commodities in the market, be it domestic or international. The middlemen purchase the crop before the officials reach at the marketing centres. They have a strong hold on the weekly haats⁷⁴ of rural Bengal.⁷⁵ In this way, the wholesalers and agents dominate the markets and reap huge monetary benefits. The farmers don't get remunerative prices for their produce on one hand and cannot get employment on the other due to large scale unemployment. Displaced from known trade and vocation the farmers migrate to urban areas as landless labour. The number of farmer's suicide recorded in the country is 69,064 in last four years i.e. one farmer commits suicide every 30 minutes.⁷⁶ But, agriculture has recorded an average of nearly 4% growth for last five years and there has been four years of bumper harvests plus a 40% rise in the minimum support prices of food grains over last two years.⁷⁷ Hence, a system is necessary to introduce wherein the peasants are able to obtain subsistence profit from their commodities. In which the State and the corporate bodies have an important role to play for fixing the retail prices.

Interestingly, a large number of corporate bodies are interested in running business on agricultural commodities. Earlier, under the West Bengal Marketing Board could only regulate procurement and sale of agri- produce in the State⁷⁸. The West Bengal Marketing Board is now set to create a regulated corporate entry in the field of marketing of agricultural commodities. Earlier, the direct purchase of agricultural commodities from the 46 regulated

⁷⁴ Haat is a rural makeshift market place in Bengal. It has no corresponding English or Hindi substitute. The Hindi word for market is mandi.

⁷⁵ Santanu Basu: Between theory and practice: The Statesman NB Extra, 13th February, 2009 at pg. 01.

⁷⁶ Reported in The Hindu: 26th March, 2009 at pg. 10.

⁷⁷ Reported in The Times of India: 27th March, 2009 at pg. 14.

⁷⁸ Reported in The Agricultural Produce Marketing and Control Act, 1954

markets and 150 sub markets of Bengal by corporate firms was not allowed. But to pave the entry of retail chains like Reliance Fresh, Spencer's and Metro in agricultural produce, the Amendment of the West Bengal State Agricultural Produce Marketing (Regulation) Act, 1972 was needed. Hence, a note prepared by the agri-marketing department suggested the state government inter alia, to grant licences 'allowing the purchase of agriculture produce by an establishing private yard' directly from farmers and the yard would be allowed to process, trade and export the product.⁷⁹ In a recent case filed by the solicitor firm Fox and Mondal⁸⁰ regarding the corporate entry in the area of the marketing of agricultural commodities, the Calcutta High Court ordered the Police to give security and even post police pickets in the relevant establishments of the Keventors' Fresh Group from protection against the vandalism by group with vested interest. This judgement led the other corporate bodies in the same line like Reliance Fresh to enjoy the same protection in their outlets. Earlier these bodies were compelled to close their shops in the city against the agitation raised by several political and vested interest groups.

CORPORATE MODELS IN BENGAL FOR AGRICULTURAL PRODUCE MARKETING: Corporate model of marketing of agricultural produces approved in West Bengal are as under-

Frito-Lay Model of participatory farming⁸¹: Frito-Lay had introduced a partnership farming concept with contracts spelling out the technology, seeds, fertilisers and inputs to be provided by the company. It also provides output specifications and the price

⁷⁹ Reported in The Statesman: 1st August, 2008 at pg. 01.

⁸⁰ Reported in The Ananda Bazar Patrika : 6th August, 2008 at pg. 03.

⁸¹ Rohit Khanna: Bengal eyes partnership model in farming to get Central funds; (<http://www.financialexpress.com/news/bengal-eyes-partnership-model-in-farming-to-get-central-funds/211085/> visited on 22nd May, 2008 at 12 noon.)

at which the produce will be purchased from the farmers. In the partnership farming model, the banker can claim the amount from the insurance firm rather than rescheduling the loan or offering a moratorium in case of crop failure.

Reliance Model⁸²: Among the private corporate bodies Mukesh Ambani's Reliance Retail Limited entered into the agri- retail mart by joining hands with the Keventor Group. They received the APMC Licence from the State Agriculture Marketing Board on 2nd August, 2008. It is a three- tier model which includes the setting up of - (a) Distribution Centre; (b) Retail outlet and (c) Rural Business Hub for 18 districts of the state, 36 in total. In the proposal laid down before the state government the Reliance authority asked for 100 acres of land for each distribution centre; 10 acres for each retail outlet; and 10 acre for each rural business hubs, a total of 1800 acres of land. Under this system, the company will reach directly to the farmers and avail the crops to the end users. Hence, they will be able to cut down the intermediaries existing in the system.

Bengal Fresh Model: In a bid to play a larger role in the procurement and grading of agricultural commodities, the Bengal Marketing Board plans to float a joint venture brand 'Bengal Fresh' with private affiliates so that the farmers can go for a better bargain with the corporate bodies. Under the present scheme the corporate bodies floating a joint venture with the state run marketing board will get this licence for procuring, processing, packaging and selling of agricultural produce under the Bengal Fresh Brand. The board will not have any stake in the business except providing the logistic and administrative support to expedite the process. The board will also monitor the storage, grading and packaging of materials before it lends the Bengal

⁸² Reported in The Times of India: 4th August' 2008; at pg. 4.)

Fresh tag. Marketing will be done mostly by the partner company with the packaged products being made available to malls and traditional shops. Under the system the farmers to be involved are mostly the small and marginal ones who come to the local market-regulated or private or those under municipalities and panchayats with their daily produce which will be collected and stored into the existing facilities of the private partners and the farmers will get a comparative price advantage in this process that will accommodate the existing retail traders.⁸³

Confed Model⁸⁴: The State government is planning to set up Shopping Malls for agricultural commodities in each district under the banner of the West Bengal Consumers Co- Operative Federation Limited (Confed) to deal in varieties of agricultural commodities. This organ has the necessary co- operative infrastructure of wholesale procurement of the agricultural commodities in bulk quantities at a reasonable price directly from the farmers and to sell them directly. This measure is expected to save the poor farmers from forced selling of agricultural commodities at a lower price especially when the market of that commodity is dwindling.

'Swarojgar' Model: The government is planning to form a Self-Help Corporation to procure and distribute the agricultural and non- agricultural commodities on behalf of the government. Under the plan, the government has allocated Rs. 100 crore, to be supplemented by an additional 300 crore from the market as its share capital contribution towards the setting up of a new marketing corporation for the procurement and supply of various commodities at fair price. The said corporation will be allowed to raise its fund from market if necessary. The Draft Plan regarding this proposes two systems:

⁸³ Reported in The Times of India: 13th July, 2008 at pg. 04.

⁸⁴ Reported in The Ananda Bazar Patrika: 14th March, 2008 at pg. 13.

- i. State Control System:** - In the first category, if the state holds more than 50% of the share, then automatically, the state will control the corporation.
- ii. State Supervision System:** - If a private corporate body having experience of procurement of agricultural and non- agricultural commodities holds 50% or more shares then, the state will look after the day to day dealings of the body and if it violates the norms of the contract, the state will have the power to look into the matter and take necessary action.⁸⁵

Finally, the government has formed the Corporation 'Swarojgar' to deal with the agricultural and non- agricultural commodities at Block level. The said corporation will purchase the commodities from the SHGs and common people and train people to professionally deal from procurement to sale. The government has declared to give 5% subsidy in Bank loan to such SHGs.⁸⁶

FDI & Agri- Retail Sector: Fearing that foreign direct investment will out the indigenous marketing chain in agri retail sector, the government has imposed certain restrictions. The state has already allowed 100% FDI in retail sector through German multinational the Metro Cash and Carry.

Metro Cash and Carry - However, the State Government has imposed certain conditions on Metro Cash and Carry⁸⁷:

- a.** The company cannot go for contract farming even as the Central guidelines to change the APMC Act provides for it.
- b.** Farmers will produce crops on their own. Corporate Houses cannot influence the farming process while procuring vegetables or crops.

⁸⁵ Reported in The Ananda Bazar Patrika: 19th October, 2008 at pg. 04.

⁸⁶ Reported in The Ananda Bazar Patrika: 2nd March, 2009 at pg. 11.

⁸⁷ Reported in The Times of India: 8th October, 2008 at pg. 04

- c. The Metro Officials have to send their stock statements to the Marketing Board regularly.
- d. There must have to be the APMC Licence of the buyer from Metro while no provision is there for ceiling on the purchase of commodities from the outlet of them. For Bangalore this is at least Rs. 1000/-.

At this, the Metro Officials assured the government that it would deal only in wholesale supply of vegetables and staples to the hoteliers. But in Punjab, the said international leader in self-service business to business wholesale company, METRO Cash and Carry has not faced many restrictions. There, the Government signed the Memorandum of Understanding (MoU) to set up whole sale centres to deal exclusively with the professional business customers like small retailers including grocery stores, hotels, restaurants and caterers sourcing vegetables, fruits and other fresh items directly from local farmers eliminating the middlemen from the supply chain.⁸⁸

Contract farming in Bengal: - In West Bengal, corporate farming started in 2002 for the first time with the operation of the 'Patwa Agro Farms'⁸⁹ for sweet corn project near EM Bypass which involved 40 farming families. The cultivation took place with the seed supplied by the corporate body and the harvest was sold to the same corporate body. Under this project, the corporate body also took up conservation and packaging of the same. Another instance of contract farming in Bengal is the of Airbridge Green⁹⁰ company's initiative of setting up of factory of producing Bio-Diesel at Domjur. Here the company entered into a contract with some of the farmers of Birbhum and Hoogly Districts to supply the Zatropha seed to run the production.

⁸⁸ Reported in The Hindu: 23rd February, 2009 at pg. 05.

⁸⁹ Reported in The Ananda Bazar Patrika: 17th April; 2008 at pg. 05.

⁹⁰ Reported in The Ananda Bazar Patrika: 2nd February; 2009 at pg. 03.

Thus, in West Bengal, a regulated corporate entry in agriculture has three basic objectives-

Firstly, Control and regulation of entry of big corporate houses in the agriculture sector;

Secondly, In order to give relief to its farmers from the exploitation of middlemen the state is getting involving in joint ventures with private bodies for procurement, processing, packaging and selling of agricultural produce;

Thirdly, Regulating the private entry in the agri- retailing with APMC licence;

Fourthly, the government is on the way of rolling down parallel retailing of agricultural commodities chain to have control and maintain the price of agricultural commodities so that the private corporate bodies cannot have arbitrary control over the right of pricing of the agricultural commodities;

Fifthly, Allowing FDI only in the whole sale supply of vegetables and staples to the hoteliers, caterers, and restaurant owners in large quantities purchasing the same through the West Bengal Marketing Board as constituted under The Agricultural Produce Marketing and Control Act, 1954 under the B- 2- B model (Business to Business Model).

Under this drive it is expected to be the most effective instrument for achieving the goal of higher prices for the farmers. It will bar the corporate bodies from entering into contract farming. But, under this system, attention is to be paid so that the small and marginal farmer's interests are protected. Attention must also be paid to the issue of insurance⁹¹ pension. Presently, the old farmers

⁹¹ Regarding the health insurance, the Central Government has already announced a comprehensive plan i.e. Rashtriya Swasthya Bima Yojna which will provide cashless health insurance cover upto 30,000/- for the families of the unorganised sector workers below poverty line. Again the NABARD (National Bank for Agriculture and Rural Development) in collaboration with the LIC has launched the Janashree Bima

above the age of 60 years are getting a sum of Rs. 500/- as old age allowance through their the respective Panchayats as a part of the old age allowance scheme of the government⁹² To make this sector really profitable and attractive, for the farmers due attention is to be paid on the followings-

- Availability of soil and water testing facilities.
- Farmer-Scientist interaction in rural areas through broadband connectivity and educating the farmers with necessary IT skills through NGOs, SHGs and Cooperatives.
- Formation of Special Agricultural Zones (SAZ) to protect the farmlands from further encroachment by industries and business houses.
- Dissemination of information regarding the latest technological and scientific updates to the farmers like weather forecast⁹³, market demands, and giving lessons on high- tech farming to the farmers at free of cost⁹⁴, so that they could make a decent earning even from small land holding.

Yojna for women of self- help groups between 18- 60 years under which the policy holder will be required to pay Rs. 100 per year as premium while the Central government's social security Fund will pay Rs. 100/- as premium. In case of a natural death of a policy holder, her family will get Rs. 20,000/-. However in case of accidental death, the family will be given Rs. 75,000/-. Moreover, Rs. 100/- per month will be given as scholarship if the policy holder's child is studying in classes IX- XII. The West Bengal State Co- Operative Bank in collaboration with the National Insurance Company has entered into a master policy contract on 30th April, 2008 which enables the farmers having the Kisan Credit Card to enjoy the accidental claim upto Rs. 50,000/- Again, the state has also introduced in which the premium will be paid by the government against which the respective farmer will have a coverage of Rs. 20,000/-,

⁹² The Ananda Bazar Patrika: 17th November, 2008 at pg. 10.

⁹³ Like the e- Chaupal system by the ITC,

⁹⁴ This may be with the help of may be by the State Agricultural Department in co- ordination with the various departments, research organisations, Agricultural Universities, NGOs and agencies associated with the agricultural development. The ATMA Model [The Agriculture Technology Management Agency] in Haryana may be a guide on this line.

- Voluntary consolidation of their scattered land holdings so that they could manage farm activities well and to group themselves into Co- operatives or Self Help Groups for value addition and marketing of coarse grains, vegetables, flowers and fruits.
- Adequate cold storage chain facilities
- Establishment of specific commodity hubs.
- Better linkages (through roadways, railways, and cargo exclusively for perishable goods).
- Dedicated ports for agro and food processing etc.

Better achievement may take place if the following is followed:

- a. Compulsory registration of the name of the small and marginal farmers, agricultural labourers and patta holding people involved in agricultural works with the local panchayats.
- b. Priority of the local people in the process of procurement, transportation, grading, processing, packaging.
- c. Procurement of crops to be done in 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.
- d. Report of such dealings should be directly sent to the District Officials on daily basis.
- e. 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.

In West Bengal, recently a controversy arose regarding the granting of licence to the corporate bodies like Reliance, Spencers, Metro Cash & Carry in the agricultural retail sector. However, the concerns

like Metro Cash & Carry have already started its operation. Along with it recently M.K Jalan's *Keventor Agro* has launched an integrated cold chain facility along with food processing unit in the state. Another concern naming '*Picasona*' is on the way of its emergence.⁹⁵

PROPOSED MODEL

Marketing of agricultural produce is the most important activity for the farming community, particularly for those who are small producers and have small surpluses for marketing. To protect the interests of farmers, the Government has promoted organized marketing of agricultural commodities through a network of regulated markets. However, studies indicate that the intuitions of regulated market have achieved limited success, as these markets restricted development of direct and free marketing, smooth raw material supplied to agro- processors, information exchange and adoption of innovative marketing systems and technologies. Thus, the issue of corporatisation of agriculture should be so designed, under which, the Government should hold majority of the share after forming a Corporate Body and involve the persons interested to cultivate vested land among whom the people with patta will get priority. 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. The Government may:

- a. Frame its own policy;
- b. Control the supply of seeds and other necessities like water, manures, equipments with proper testing and the

⁹⁵ Reported in The Ananda Bazar patrika: 7th October, 2009

- arrangement of training the people with modern techniques of cultivation⁹⁶ wherever necessary;
- c. Can facilitate credits⁹⁷
 - d. Can initiate direct purchasing of raw agricultural commodities at a price fixed by the experts duly sending the same in the form of short messaging service in local languages through the mobile service providers or displaying the same at convenient places in the open market through the State run Agricultural Commodities Marketing Board/ so formed Corporate Body⁹⁸ and supply the same to the purchasers, be it big private investors (Corporate Bodies) or Retailers in the open market;
 - e. Can monitor the storage, grading and packaging;
 - f. Can regulate the price of the commodities;
 - g. Control the payment by the way of cash or kind to the labour and;
 - h. Can regulate the supply of the crops through Public Distribution System;
 - i. Provide the existing logistic and administrative support;

⁹⁶ In this regard the School of Agriculture at the *Indira Gandhi National Open University* is developing e- tools in agricultural extension and education which is expected to fill the knowledge gap among the researchers, professionals and small farmers through *national community of agricultural educators and researchers* regarding integrated pest management, integrated nutrient management and post harvest value addition. This project aims at helping farmers to grow more crops and reduce stress on environment. (Reported in *The Hindu*: 8th October, 2009 at pg. 03.)

⁹⁷ In China, there's 0% credit is given to the farmers (the statement of Prof. M.S. Swaminathan recorded by Nirendra Dev and published in the *Statesman* on 8th August, 2009 at pg. 05.)

⁹⁸ In this regard the strategy laid down under the WB Land Reforms Act, 1955 under the provisions of Share of Produce u/ Sec. 16 of the Act by a bargadar may be followed.

- j. Regulate seed insurance,⁹⁹ crop insurance¹⁰⁰, health insurance¹⁰¹ for the farmers, so that the government can render reasonable benefits to the marginal and small farmers.
- k. Regulate insurance facilities e.g. life insurance,¹⁰² pension above the age of 60 years and Provident Fund¹⁰³ and medical facilities including insurance (Rashtriya Swastha Bima Yojna for the BPL families) for the farmers.
- l. 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.*

While, the private investors may be involved in the following:

- i. Consultancy,

⁹⁹ 'Pilot Scheme on Seed Crop Insurance' (This Scheme was introduced from Rabi crop 1999- 2000 to protect seed breeders/ growers in the event of failure of seed crops. The scheme covers seed crops of paddy, wheat, maize, soyabean etc.)

¹⁰⁰ 'Rashtriya Krishi Bima Yojana' (This was introduced in 1999- 2000. Under it, the small and marginal farmers are entitled to a subsidy of 50% of the premium charged); 'Farm Income Insurance Scheme' (This was introduced from Rabi Crop 2003- 2004. It provides income protection to the farmers by insuring both production and market risks. Presently this scheme covers only wheat and paddy.); 'Varsha Bima' (The Varsha Bima was introduced in 2004. it covers anticipated shortfall in crop yield on account of deficit rainfall.)

¹⁰¹ 'Krishi Shramik Suraksha Yojana' this scheme was launched in 2001 and provides life insurance protection, periodical lump sum survival benefits and even pension to those who are between 18- 50 years.

¹⁰² Recently the State has jointly started the "Aam Aadmi Bima Yojna" (having coverage of Rs.30,000/- in case of natural death, Rs. 75,000/- in case of accidental death; Rs. 75,000/- in case of loss of limb in addition to which a monthly scholarship of Rs. 100/- for each of two students from each family if they are studying from class 9- 12 in collaboration with the Central Government through LIC for the landless farmers in the state. Reported in the Bartaman, 16th October, 2009 at pg. 07.

¹⁰³ West Bengal is the first state of India which introduced the Provident Fund Scheme on 1st April, 1998 for the Landless labourers.

- ii. Technological inputs, technical assistances and other necessary technical information like information on weather,¹⁰⁴
- iii. 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,
- iv. Grading,
- v. Processing,
- vi. Packaging,
- vii. Storage,
- viii. Transportation,
- ix. Distribution and
- x. Marketing of such commodities

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, As per the requirement of the ILO¹⁰⁵, the following categories of persons working in an agricultural undertaking may be made a subject of inspection-

¹⁰⁴ Recently the Indian Agricultural Research Institute (IARI), in collaboration with the Department of Science and Technology (DST) has turned to NGOs to reach their technologies to farmers. Reported in The Hindu: 19th October, 2009 at pg, 3

¹⁰⁵ Article 5; the Labour Inspection (Agriculture) Convention, 1969.

- Tenants who do not engage outside help, sharecroppers and similar categories of agricultural workers
- Persons participating in collective economic enterprise, such as members of a co- operative society
- Members of the family of the operator of the undertaking as defined by national laws and regulations

In order to achieve more success under this plan the following steps may be taken-

1. Compulsory registration of the names of the small and marginal farmers, agricultural labourers and patta holders involved in agricultural works with the local panchayats.
2. Priority of the local people in the process of procurement, transportation, grading, processing, packaging.
3. Procurement of crops should be done in 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.
4. Report of such dealings should be directly sent to the District Officials on daily basis.
5. 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.
6. Again, the Punjab model of setting up of AGRI FOOD BIOTECHNOLOGY PARK (Agri Food Cluster) may be a good step.¹⁰⁶

¹⁰⁶ Reported in The Times of India: 16th March, 2009 at pg. 06.

7. Looking at the State's future demand of cereal, vegetables and cash crops, identification of fallow and degraded land should be converted for cultivation purposes as soon as possible. Cultivation of cash crops such as pulses, oilseeds and cotton should be encouraged.

Suggestions for achieving desired results

- a) The states to establish integrated body to establish integrated facility for marketing of agricultural produce.
- b) Curtailment of excessive bureaucratization of markets is necessary for healthy growth of such markets.
- c) To benefit the farming community form new market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened to encourage the development of competitive agricultural markets in the private and co-operative sectors,
- d) Deregulation of marketing system to promote private investment in marketing infrastructure.
- e) A policy shift in favour of farm cooperatives with the complementary support of inputs from public institutions and a reliable system of assured credit at reasonable rates of interest, are very important.

This tripartite model of corporatisation suggests that for the purpose of agriculture, land must be avoided from being corporatised but must be consolidated and must be used for as much as possible multi cropping purposes. No mono- cropping should be encouraged. For setting up of an industrial house the land acquired should be handed over on lease to the relevant corporate bodies. Finally, 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. It is

important to introduce agricultural tribunal to address the conflicts arising in the inter- relationships between the farmers as well as the other interests groups for smooth enforcement of the relevant laws on this point. The following issues are to be addressed to enforce the agrarian democracy-

- Peasant participation;
- Peasant's ownership over land, machinery and equipments;
- Competition among farmers;
- Consumer co- operatives;
- Women's share in reconstruction;
- Increased acceptance of responsibilities;
- Social security through insurance;
- Education in the new order.

Thus, to conclude, the group operation of farming activities will characterize the economies of scale in resource management; consolidation of inputs, collective sharing of risks where risk is high and market for insurance is imperfect. The framers are challenged with fragmented landholding; insufficient governmental assistance, limited credit flow entrapping them to money lenders, losing their traditional right of using their seeds, uncertain weather and market conditions. They are also subjected to eviction from their land. These issues for a long time have been the cause insecurity to the farmers. The productivity index of the unorganised private farm sector of the developed countries and that of the third world countries having greater productivity than India shows that retailing of food and grocery i.e. agricultural products through corporate bodies helps to bring about a great transformation in the country's moribund farm sector by attracting private investment to improve production, productivity and quality which may be driven to higher production, improved quality and more efficient supply chain. Corporatisation of agricultural sector is expected to improve the

marketability of the farm produce and generate remunerative price and thereby ensure mutually beneficial relationship with the small and marginal farmer by assisting them in improving their productivity and profitability through timely input and improved quality management. So, Corporatisation through public initiative and its delicate balance with private bodies is the best answer between profitability and public welfare of the agriculture sector.