

Law – Sustainable Agriculture

Samuel Johnson said:

Agriculture not only gives riches to a nation, but the only riches she can call her own.

For Bharat to to regain its lost glory, farmers have to be given back the opportunities, market conditions, privilege and wealth that they had during Kautlilya's times and even as recent as the times of the Cholas.

Farming should first be made the most respected and profitable profession, even more respected and profitable than a software engineer working for an IT/BT/SEZ coolie.

Farming was a respected profession before FUKUS colonial times.

Even during the times of my grandfather – (1900-50s) farming was quite a good profession to earn a reasonable living.

My grandfather's family and even my Aunt's family raised and educated their children solely from growing paddy.

In modern times, farming has become the most miserable and loss making occupation.

From my limited experience in farming, the disaster in the farming sector mainly has to do with the following reasons:

- Manipulated markets which only favour middlemen and traders
- Lack of a minimum assured price for all produce especially horticultural produce unlike that which is present for milk production
- Ignorance of proper marketing channels and hence forced to sell at whatever price the trader offers
- Lack of facilities to store produce for a longer time

- Poor water management
- Poor infrastructure for irrigation, electricity, transport, communication and internet
- Over reliance on expensive chemical seeds, fertilizer and pesticides
- Excessive reliance on mono-cropping and not diversifying growing risks
- Ignorance of proper farming practices like crop diversification and multi-cropping, mulching and Zero Budget natural Farming for nutrient and pest management
- Shortage of labour
- Relatively expensive labour compared to the return obtained from the sale of the crop
- Lack of liquidity and access to formal organised sources of capital and finance. This leads to a reliance on usurious moneylenders some of whom charge almost 40% per year.
- Failure due to weather or other forces of nature.
- Unawareness of modern techniques like satellite remote sensing, weather forecasting and UAVs to plan and manage crops.
- Lack of consolidation and farmer aggregation channels to manage expensive inputs like irrigation and capital expenses. Now the government is encouraging Farmer Producer Organisations (FPOs) but these are really small.

It is a real shame that even after 70 decades of independence, the only world class farmer cooperative established in Bharat is Amul.

If an extremely perishable commodity like milk, can create world class success stories like Amul, it is a much more simpler task to create world class success stories in marketing of agricultural, poultry and livestock produce.

Amul spurred the White Revolution in Bharat and made Bharat the worlds largest producer of milk and milk products.

Farmer Producer Organisations(FPOs) should be should be established in every hobli if possible and run by noted technical, marketing and management experts on natural and traditional farming techniques of Bharat.

Experts should not be selected based on their academic qualifications alone, but on their real world practical experience and success stories.

Storage facilities should be implemented right down to the gram panchayat level.

There are many pioneering organisations in Bangalore like Hopcoms (not organic, but a very good cooperative model), Jaivik Krishi Society, Sahaja Samrudha, MHR Foundation, Janodaya, Farmizen, Anantha Naturals in Bangalore and there are probably similar organisations in other states.

They are much more ethical and trustworthy than conventional mandi merchants and and perform valuable social service.

Eliminating the middlemen will benefit everybody – the farmers, the end customer and the delivery vendors who are the actual link between the farmers and the customers.

Organisations like the above should be given significant funding and encouragement and they should be made to become bigger than Amul, the biggest cooperative farming success story in Bharat.

There should be a direct link between the farmer and the push cart and delivery vendors and footpath vegetable sellers.

Through FPOs, farmers should be taught about commodity cycles, proper crop planning, crop diversification and crop production in time for the market and only sufficient for market demand and not to exceed it which causes prices to fall significantly.

They should also be taught to hedge against risk and grow crops and get crop insurance.

Just like I have said for banking and lending, there should be self help groups, farmer producer cooperatives and cooperative farming organisations must be widely established.

Once the group has a turnover of more than Rs 100,00,00,000 or a net profit of Rs 25,00,00,000, each individual promoter of the farmer producer cooperative group should not have more than a 5% share in the group.

This 5% share also includes their immediate family related to them either by blood or marriage.

So if there are many related individual promoters, they as a family as a whole cannot own more than 5% of the group.

All FPOs with turnover less than Rs 10,00,00,000 or net profits less than Rs 2,00,00,000 must be exempt from all taxes including income tax, GST, excise, customs and service taxes.

Just like the government has done for the tech sector, a separate startup fund must be established for FPOS and funds upto Rs 4,00,00,000 must be given with no demand for dilution of equity.

FPOs must also become the sole authorised credit agency for farmer needs.

All unregulated money lenders should be punished strictly including my punishments for Theft and Corruption.

Since these FPOs groups may not have the resources to professionally manage lending and finance, a supervisory panel of at least 10 central bank employees must monitor the FPO self help groups for every five districts or 100,000 customers, which ever is less.

The promoters of the micro-finance groups affiliated to these

FPOs should not have more than 5% share in the micro-finance groups and banks.

Since these micro-finance groups may not have the resources to professionally manage it, a supervisory panel of at least 10 central bank employees must monitor the self help groups for every five districts or 100,000 customers, whichever is less.

I don't think farmers should directly speculate in the markets.

In fact I don't think anybody who has a real job should directly trade in the markets.

It takes a lot of time, effort, intelligence, common sense, patience, emotional strength and persistence to trade successfully in the markets.

Besides if all the people did this directly, who would do real productive work.

But in any case, even those who trade in the agricultural markets, must take delivery and give delivery of the agricultural products.

Trading without taking or giving delivery should be banned and violators should be fined a heavy transaction tax of at least 5% of the trade value.

Inheritance and Fragmentation Regarding Agricultural Property (includes Plantation Property)

One of the problems with agriculture in Bharat is the fragmentation of land holdings.

Some of my concepts are based on the Jamma Land System followed in Kodagu.

The Jamma Land System unlike other Vedic systems of succession does not just favour the eldest male.

However it still does favour only male successors.

In these days times have changed.

The eldest male successor may not even want to stay and cultivate land.

The unmarried sister may choose to stay and cultivate land.

The main thing is that the land should be taken care of and well maintained regardless of male or female or youngest or oldest.

Hence the true successors are first those who live on and cultivate the land, and then those even though absentee and non resident, but still contribute to the upkeep of the land by financial or other forms of contribution.

Below are just my suggestions considering my experience in business legacies.

Most businesses grow bigger by adding more shareholders.

Each shareholder does not go off and start their own separate business.

Instead each shareholder contributes their financial and other efforts to the main business and this helps the main business grow stronger and bigger and eventually all shareholders benefit.

If each shareholder sold off their share of the existing businesses and then went and started off their own separate business, the chances are they would have ended up in bankruptcy.

This is because the existing business would have become weaker due to so many divisions and the new businesses could have failed and not become as successful as the old stable existing business.

In principle and also in practice the same concept also

applies to agricultural land and plantation land.

However business legacies are intangible.

Even if a person is given intangible shares they feel like owners of the business.

However land is tangible.

Unless a person sees a fence around their boundary they do not feel like they own it.

Hence it will take a great deal of education and involvement of the State to convince people to form family land trusts.

I feel people will be convinced if they see the benefits of a joint cultivation instead of fragmentation into even smaller holdings.

Fragmentation of inherited land holdings can be avoided by forming family land trusts.

This is similar to a company business with share holders whose benefits I have already described above.

A certain area upto a maximum of 8000 sqft in the inherited property can be marked out for each successor.

This area will be in the sole freehold title of the successor and used for the purpose of constructing of their primary residence and also residences for their children.

The suggested area is 8000 sft for a two acre holding.

If the successor has children, an additional area of 3000 sft can be allocated for each child.

For any holding below two acres it must be prorated accordingly but a minimum of 600 sft should be allocated for each free holder successor and 300 sft for each of their children.

For any holding above two acres it must be prorated accordingly, but on no event should a demarcated residential area for each successor exceed 3 acres per successor and 1/2 acre for each of their children.

The rest of the agricultural land is treated as a single unit and is cultivated jointly by the successors.

They are given shares proportional to their percentage land holding bequeathed to them by their ancestors.

Like shareholders in a company, the larger the share of land they are given, the larger the investment they have to make in the cultivation and the larger profits they share in the cultivation.

If they are unable to invest in the cultivation, then another family member can invest in their behalf on the cultivation of their share of the land trust and share 50% of the profits to the land holder after deducting all cultivation and marketing expenses.

In the event that the original land holder has given an urban property or business with a worth more Rs 1,00,00,000 to one of the successors, then that successor can be excluded from ownership of the agricultural land trust.

This applies if the total share of the rest of the estate which includes the agricultural land is less than 50%.

If the total share of the rest of the estate which include the agricultural land is more than 50% and upto 70%, the urban land/business successor gets a 10% share proportion of the shares by the other successors.

If the total share of the rest of the estate which include the agricultural land is more than 70% and upto 80%, the urban land/business successor gets a 25% share proportion of the shares by the other successors.

If the total share of the rest of the estate which include the agricultural land is more than 80%, the urban land/business successor gets a 40% share proportion of the shares by the other successors.

The inherited agricultural property cannot be sold without the fully informed and unforced written consent of all successors and heirs to that family property at the same level of lineage of the successor from the original land holder owner.

The first right of purchase of inherited property lies with the family members upto a discounted price of 60% of the market value offered by a non-family member.

This especially applies to properties that has been handed over before three generations.

After a property has passed three generations (parent who is original land holder, child, grandchild), the fourth generation can sell the property to a non-family member.

In the event the income from the holding is still small, then the successors who choose to stay on the land and cultivate it gets the major share.

The rest of the absentee non resident successors can only claim a share of the total net profits left after all expenses.

Their share cannot exceed a total of 20% of the net profits.

In the event that the absentee successors have also contributed to the upkeep and cultivation of the land, then they are entitled to a 35% share of the net profits.

If the absentee successors contribute more than 60% towards upkeep and cultivation they are entitled to a 50% share of the net profits.

In the event a successor/s returns to reside full time in the

family land upon retirement or other activity, the original successor who resided there must share the income equally with the other successor/s henceforth.

There is no differentiation of male or female member in inheritance of agricultural land, if the female member/s husband/s do not have agricultural land.

However if the female member/s husband/s also have agricultural land, then that respective female member gets the same share proportion and format as mentioned for urban/business asset successors of agricultural or plantation land.