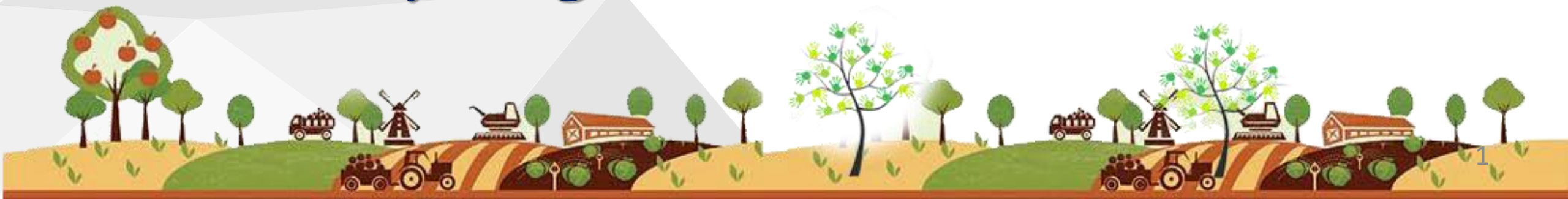




Historic Reforms in Indian Agriculture - Barrier Free Trade and Efficient Supply Chains *“One Nation One Market”*

**Directorate of Marketing & Inspection
Marketing Division
Ministry of Agriculture & Farmers' Welfare**



Both the Houses of the Parliament had passed the bills to bring transformative changes in the lives of Indian Farmers.



“The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020”

This will allow liberal trade, provide more options for farmer for sale of their farming produce, increased competition amongst buyers, promote barrier free inter-state and intra State trade and commerce of farming produce, thus facilitates more buyers for farmers to sell their farming produce at doorstep with remunerative prices.



“The Farmers (Empowerment and Protection) Agreement On Price Assurance and Farm Services Ordinance, 2020”

Objective of the Bill

- To create an ecosystem where the farmers and traders enjoy freedom of choice of sale and purchase of farmers' produce at remunerative prices;
- To promote efficient, transparent, competitive, barrier free inter-State and intra-State trade and commerce of farmers' produce outside the physical premises of APMCs or deemed markets notified under various State Agricultural Produce market legislations, with emergence of multiple trade channels to farmers.
- It will also provide a facilitative framework for electronic trading.

Legal Competence

- Inter-State trade falls within Entry 42 of List I (Union List) of the Constitution of India.
- Though intra-State trade falls within Entry 26 of List II (State List), the same is subject to Entry 33 of List III (Concurrent List) of Constitution of India.
- Thus Central government is fully competent and empowered to legislate in inter-state and intra-state trade in farmers' produce.

Farmers' Produce

Farmers' Produce means “**foodstuffs**” including cereals like wheat, rice or other coarse grains, pulses, edible oilseeds, oils, vegetables, fruits, nuts, spices, sugar and the like, which can be in its natural form or processed produce of agriculture or horticulture and intended for human consumption;

i) cattle fodder including oilcakes and other concentrates;

and

ii) raw cotton whether ginned or unginned, cotton seeds and raw jute;

Trade Area

“**Trade Area**” means any area or location including places of production, collection, aggregation; factory premises, warehouses, silos, cold storages or any other structure, from where trade of agricultural produce may be undertaken in the territory of India, but excluding:

- the physical premises, enclosures and structures constituting principal market yards, sub market yards and market sub yards managed by the market committees formed under State APMC Act;
- the premises, enclosures and structures constituting private market yards, private market sub yards, direct marketing collection centres and private farmer-consumer market yards notified under State APMC Act.

Trade in Trade Area

Trader may engage in trade of [agricultural produce](#), including the scheduled agricultural produce specified in the State market laws of a concerned State, with a [farmer](#) or another trader in a trade area:

- Trader having PAN qualifies for trade;
- Central Government may also notify alternative documents for qualifying for trade;
- Farmer Producer Organizations or Agricultural Cooperative Societies automatically qualify for trade;

Other Provisions of the Bill

- **Market fee or cess or levy**, under any State APMC Act shall not be levied on any farmer or trader or electronic trading platform for trade in Trade Area.
- **Bill provides transparency in trade** – transactions through competitive digital trading. It also provides facilitative framework for electronic trading.
- Central Government may prescribe a system of electronic registration for traders and modalities of trade transactions and payment.
- The **Payment** has to be made to the farmers on the same day or within three working days where procedure so requires.
- Central Government may direct a Central Government Organization to develop a price information and market intelligence system and dissemination framework.
- Central Government to make rules.
- Act to have over riding effect on any State/UT APMC Act or any other law in Trade area.

Dispute Resolution Mechanism for Farmers

- Dispute to be settled through a Board of Conciliation as constituted by Sub-Divisional Magistrate.
- Sub-Divisional Magistrate to hear –
 - disputes of the farmer if not settled by Conciliation;
 - any contravention of trade in Trade Area.
- Sub-Divisional Authority can order for **recovery of amount** involved in dispute or contravention, **impose penalty** and also **restrain the trader** for trade of scheduled agriculture produce for a duration.

Penalties

- Any trader who contravenes any provision of the Act shall be punishable with a penalty which shall not be less than Rs.25,000 and may extend to Rs.5 lakh and a penalty up to Rs.5,000 per day for continued contravention.
- Any person, who owns, controls or operates an electronic trade platform contravenes any provision of the Act shall be punishable with a penalty which shall not be less than Rs.50,000 and may extend to Rs.10 lakh and a penalty of up to Rs.10,000 per day for continued contravention.

Effect on APMCs & MSP

- The Bill is not intended to replace the State APMC Act. APMCs will continue to function. It will provide farmers with additional marketing channels to existing APMCs. It will motivate APMCs to improve their efficiency of operation to serve farmers better.
- **Both the laws will co-exist** for the common interest of farmers in true spirits of co-operative federalism.
- The aforesaid Bill has **no bearing on the policy and process of procurement on MSP** which continues to be the priority of the Government. Further, MSP purchase on agricultural produce is done through State Agencies and there is no change in this policy. State can declare MSP center/ sub-centers as procurement points including declaring APMCs as procurement centre. MSP procurement from farmers is the top priority of the present Government.

Protection to Farmers

Adequate protection to the farmers has been given in the Ordinance/Bill like:

- Issue of receipt to the farmers in case of deferred payment maximum 3 working days, deterring penal provisions, etc.
- In order to empower farmers with information to negotiate with traders for price , there is provision that Central Government will, through any Central Government Organisation, develop a **price information and market intelligence system** for farmers' produce and a framework for dissemination of information relating thereto.
- Simple, accessible, quick, cost effective dispute resolution mechanism for the farmers with deterring penal provisions for traders to curb any unscrupulous act by them is are the fulcrum of **Dispute Resolution Mechanism** under this Ordinance. An accessible at tehsil/sub-division level, least cost dispute settlement mechanism through Conciliation Board is provided
- Bill also provides for, if necessary and expedient, a system for **electronic registration** for a trader, modalities of trade transaction and mode of payment of the scheduled farmers' produce in a trade area.

Farming Agreements Ordinance

- Legal framework for agreements between farmers and sponsors for purchase of farming produce and provision of farm services, entered into before the harvest.
- Types of agreements :
 - Ownership of commodity remains with the farmer and he gets paid on delivery of produce
 - Sponsor provides inputs and bears risks, the farmer gets payed for the services.
 - Such other agreement or combination thereof.
- Guidelines for model farming agreements by Central Government.

Farming Agreements Ordinance

- Price of farming produce may be fixed in advance as per the farming agreement.
- Where such price is subject to variation then a minimum guaranteed price has to be fixed.
- Any additional amount including bonus over and above the guaranteed price will be as per clear price reference.
- Price reference linked to suitable benchmark prices.
- Method of determining advance or guaranteed price shall form part of the agreement.

Farming Agreements Ordinance

- Compliance with mutually agreed quality grade and standards of farming produce.
- Compatibility with agronomic practices and agro climate.
- Formulated by national/state agency or globally acceptable like:
 1. Standards for pesticide residue
 2. Good agricultural practices
 3. Labour and social development
- Third party assaying and quality monitoring as per mutually agreed terms.

Farming Agreements Ordinance

- Provision of model agreements for guidance of farmers.
- Quality standards, pricing referencing and guaranteed prices to be explicitly mentioned in the agreement.
- Sponsor to ensure timely acceptance of delivery and payment of produce.
- Agreement cannot be in derogation of rights of sharecroppers.
- Sale, lease or mortgage of Farmer's land is prohibited.
- Sponsor not allowed to build any permanent structure, if built and not removed then ownership will vest with Farmer.
- Farmer's liability limited to advance received and cost of inputs provided by the Sponsor.
- Farmer's land protected against any recovery.

Farming Agreements Ordinance

- Aggregators and farm service provider may join as third party.
- Multiple arrangements possible such as provision of inputs, and technology.
- Provision for linkage with insurance and credit.
- Aggregation of produce by a third party, and farmer producer organisations.
- Mandatory registration of agreements not required.
- E-Registry for facilitation may be set up by States.

Farming Agreements Ordinance

- Mandatory conciliation amongst parties without involvement of any Government functionary.
- Parties may approach Sub-Divisional Authority only when conciliation fails.
- Summary process and time limits prescribed for resolution.
- Recovery of decretal amount as arrears of land revenue.
- Penalty against Sponsor for non payment may be extended to one and half times of amount due.

Thank you..

