

Ministry of Agriculture and Farmers Welfare
Department of Agriculture, Cooperation and Farmers Welfare

Subject: Brief note on Farm Reform Acts to Empower the Farmers

1. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 has been enacted by GOI to facilitate farmers with freedom of choice of sale of their produce for remunerative prices through competitive alternative trading channels. APMC mandis will continue to serve as one of the trade channels. It promotes efficient, transparent, competitive, barrier free inter-State and intra -State trade of farmers' produce outside the physical premises of markets notified under various State Agricultural Produce market legislations, with emergence of multiple trade channels to farmers and a framework for electronic trading.

Salient Features:

- Any trader can trade-transact with the farmer or with another trader in trade area holding a PAN card. Farmer Producer Organisations (FPOs) or agricultural co-operative societies do not require even the PAN card for trading in the trade area.
- Payment to the farmer is to be made on the same day or maximum within 3 days, if procedurally so required.
- Considering the value addition and accordingly premium price payment to the farmer, there may be different payment mechanisms for FPOs and agricultural co-operative societies.
- The person establishing and operating such platform will require preparing and implementing the guidelines for fair trade practices, fees, technical parameters, logistics, timely payment, etc.
- No market fee or cess under any state APMC Act or any other state law is to be levied on any farmer or trader or electronic trade and transaction platform for trade and commerce in the trade area.

- A Price Information & Intelligence System will be developed with a framework for dissemination of information so as to reduce the price information asymmetry and help the farmer to take informed decisions.
- Accessible, simple and easy dispute resolution mechanism for farmers with deterring penalty provision against erring traders are provided.
- Parties, in dispute, can make a simple application to the local Sub-Divisional Magistrate. The dispute will be settled within 30 days by Conciliation Board appointed by SDM from the date of its constitution.

Benefits:

- ✓ Creation of an ecosystem where the farmers and traders will have freedom of choice of sale and purchase of agri-produce in the trade area. Promote barrier free inter-state and intra-state trade and commerce outside the physical premises of markets notified under State Agricultural Produce Marketing legislations which will reduce marketing costs for the farmers.
- ✓ The farmers will not be charged any cess or levy for sale of their produce.
- ✓ Creating additional trading opportunities outside the APMC market yards to help farmers get remunerative prices.
- ✓ Creation of additional channels for trade i.e. farm-gate, cold storage, warehouse, processing units, etc. in the trade area in addition to APMC Markets.
- ✓ Integration of processors, exporters & retailers with farmers.
- ✓ Improving transparency in trade through competitive digital trading.
- ✓ Remunerative price realization to the farmers to improve their income.

This Act was passed by GOI on 24.9.2020 and published on 27.9.2020 in the Gazette of India.

2. The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

“The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020”, has been enacted by GOI to provide for a national framework that protects and empowers farmers to engage with agri-business firms, processors, wholesalers, exporters or large retailers for farm services and sale of future farming produce at a mutually agreed remunerative price framework in a fair and transparent manner.

Salient Features:

- Creating a legal framework for farming agreements between farmers' and sponsors.
- GOI may provide for model farming agreements for facilitation.
- Ownership of crops be retained by the farmer during production.
- Agreements may also provide for the sponsor to provide inputs and bear risks.
- There may be a combination of the above two formulations.
- Exemption from State laws providing for regulation of sale and purchase of farming produce and the Essential Commodities Act, 1955.
- Farming agreements cannot be entered, if they are in derogation of the rights of a share cropper.
- Facilitating greater certainty in quality and price.
- Adoption of Quality and grade standards flexible price subject to guaranteed price.
- Sponsor to ensure timely acceptance of delivery and payment of produce
- Prohibition of sale, lease or mortgage of farmers' land and Farmers' land protected against any recovery.
- Farmers' liability limited to advance received and cost of inputs provided by the sponsor.
- Linkage of farming agreements with insurance and credit.
- Notification of a Registration Authority to provide for e-registry of such agreements.
- Provisions for conciliation and dispute settlement.

Benefits:

- ✓ Promotion of agreements for farming produce is an extension of the strategy of strengthening the process of monetization, whose primary objective is to de-risk agriculture at various stages.
- ✓ This agreement will enable scaling of investment by industry for production and processing of high value agriculture produces and give fillip to exports.
- ✓ The framework will mitigate the risks for the farmers, enhance their income and will put in place an effective policy regime for agreements.

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