

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

Objectives:

- ❖ 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.

Farmers’ Produce: Farmers’ Produce means “foodstuffs” including cereals like wheat, rice or other coarse grains, pulses, edible oilseeds, oils, vegetables, fruits, nuts, spices, sugarcane and products of poultry, piggery, goatery, fishery and dairy intended for human consumption in its natural or processed form; ii) cattle fodder including oilcakes and other concentrates; and iii) 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; farm gates, factory premises, warehouses, silos, cold storages or any other structure, from where trade of farmers’

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 farmers' produce, including the 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 Act

- ❖ 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.
- ❖ Act 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 farmers' 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 Act 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 Act 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 farmers' 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 center. 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 Act 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 Organization, 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 Act. An accessible at tehsil/sub-division level, least

cost dispute settlement mechanism through Conciliation Board is provided

- ❖ Act 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.

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

This will create a legal framework for farming agreements between farmers' and sponsors for purchase of farming produce and provision of farm services, entered into before the harvest.

Types of agreements:

- 1) Ownership of commodity remains with the farmer and he gets paid on delivery of produce
- 2) Sponsor provides inputs and bears risks, the farmer gets payed for the services.
- 3) Such other agreement or combination thereof. • Guidelines for model farming agreements by Central Government
 - 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. There is a provision of model agreements for guidance of farmers. The quality standards, pricing referencing and guaranteed prices to be explicitly mentioned in the agreement.

- The Sponsor has to ensure timely acceptance of delivery and payment of produce. The agreement cannot be in derogation of rights of sharecroppers and the sale, lease or mortgage of Farmer's land is prohibited.

- The sponsor is not allowed to build any permanent structure, if built and not removed then ownership will vest with Farmer.

- Farmer's liability is limited to advance received and cost of inputs provided by the Sponsor and the farmer's land is protected against any recovery. The aggregators and farm service provider may join as third party. Multiple arrangements possible such as provision of inputs, and technology.

- There is a provision for linkage with insurance and credit. The 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.

Dispute resolution:

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 is 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