

Ministry of Agriculture & Farmers Welfare

Three Farmer Bills passed, Govt claims it will accelerate agriculture growth

September 17, 2020

Relevant to M&M- FES, FAAS

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

Background

- Farmers in India suffered from various restrictions in marketing their produce. There were restrictions for farmers in selling agri-produce outside the notified APMC market yards.
- The farmers were also restricted to sell the produce only to registered licensees of the State Governments.
- Further, barriers existed in free flow of agriculture produce between various States owing to the prevalence of various APMC legislations enacted by the State Governments.

Benefits

- The new legislation will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce.
- It will also promote barrier-free inter-state and intra-state trade and commerce outside the physical premises of markets notified under State Agricultural Produce Marketing legislations. This is a historic-step in unlocking the vastly regulated agriculture markets in the country.
- It will open more choices for the farmer, reduce marketing costs for the farmers and help them in getting better prices. It will also help farmers of regions with surplus produce to get better prices and consumers of regions with shortages, lower prices. The Bill also proposes an electronic trading in transaction platform for ensuring a seamless trade electronically.
- The farmers will not be charged any cess or levy for sale of their produce under this Act. Further there will be a separate dispute resolution mechanism for the farmers.

The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020

Why?

- The bill seeks to provide for a national framework on farming agreements 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 and for matters connected therewith or incidental thereto.

Background

- Indian Agriculture is characterized by fragmentation due to small holding sizes and has certain weaknesses such as weather dependence, production uncertainties and market unpredictability. This makes agriculture risky and inefficient in respect of both input & output management.

Benefits

- The new legislation will empower farmers for engaging with processors, wholesalers, aggregators, wholesalers, large retailers, exporters etc., on a level playing field without any fear of exploitation.
- It will transfer the risk of market unpredictability from the farmer to the sponsor and also enable the farmer to access modern technology and better inputs. It will reduce cost of marketing and improve income of farmers.
- This legislation will act as a catalyst to attract private sector investment for building supply chains for supply of Indian farm produce to national and global markets, and in agricultural infrastructure.
- Farmers will get access to technology and advice for high value agriculture and get ready market for such produce.
- Farmers will engage in direct marketing thereby eliminating intermediaries resulting in full realization of price. Farmers have been provided adequate protection.

- Sale, lease or mortgage of farmers' land is totally prohibited and farmers' land is also protected against any recovery. Effective dispute resolution mechanism has been provided for with clear time lines for redressal.

Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill

Background


- The government has undertaken landmark agricultural reforms, freeing farmers from restrictions on sale of their produce and ending the monopoly of traders. It has also opened the window for private capital by allowing farmers to enter into deals with large buyers such as exporters and retailers. This is expected to catalyse the sector, bring in much-needed private investment and boost rural incomes.

Main Provisions

- The new legislation will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce.
- It will also promote barrier-free inter-state and intra-state trade and commerce outside the physical premises of markets notified under State Agricultural Produce Marketing legislations.
- The farmers will not be charged any cess or levy for sale of their produce and will not have to bear transport costs.
- The Bill also proposes an electronic trading in transaction platform for ensuring a seamless trade electronically.
- In addition to mandis, freedom to do trading at farmgate, cold storage, warehouse, processing units etc.
- Farmers will be able to engage in direct marketing thereby eliminating intermediaries resulting in full realization of price.

For Further Study

1. <https://pib.gov.in/PressReleasePage.aspx?PRID=1655890>
2. <https://economictimes.indiatimes.com/news/economy/agriculture/agricultural-reforms-heres-a-look-at-key-measures-in-the-legislation-passed-in-lok-sabha/landmark-agricultural-reforms/slideshow/78201774.cms>

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3. <https://indianexpress.com/article/explained/in-three-ordinances-the-provisions-that-bother-protesting-farmers-6598905/>
 4. <https://qrius.com/the-farm-bills-all-you-need-to-know/>