



## GOVERNMENT OF KERALA

### Abstract

Agriculture Department - Krishi SAHAKARI Service Level Agreement (SAHAKARI SLAs) - **Model Agreement Format for Service Level Contracts between Farmland Owners and Farmer Producer Organisations (FPOs)** - Approved - Orders issued

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### AGRICULTURE (PLANNING-B) DEPARTMENT

G.O.(Rt)No.914/2024/AGRI Dated,Thiruvananthapuram, 28-09-2024

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Read 1 Concept Note & model SLA dated 22.7.2024.

2 Minutes of the meeting on 23.09.2024.

### ORDER

Whereas the primary requisite for agricultural production is the availability of farmland, approximately 100,000 hectares of fragmented land in Kerala remain fallow due to various challenges, including the high cost of labor, low productivity, and minimal profit margins. Additionally, many landowners are disinclined to engage in agricultural activities, having pursued alternative vocations. Consequently, despite the availability of cultivable land, farmers face significant barriers to access. On the other hand, landowners express concerns regarding the potential loss of title to their land when rented to cultivators in the absence of a robust legal framework.

2. Whereas existing legal constraints under the Kerala Land Reforms Act of 1963 render traditional land-leasing agreements impractical and lacking formal government support, it is imperative to establish a new, viable, and legally sound system. This system must safeguard land ownership while facilitating the productive use of land resources for agriculture through aggregation, without the transfer of land rights, leases, or the creation of tenancy. The aggregation of landholdings has the potential to significantly enhance agricultural productivity and economic viability, thereby improving the income of farmers in the state.

3. Whereas a viable alternative, known as Service Level Agreements (*Krishi SAHAKARI SLAs*), has been proposed to facilitate large-scale agricultural activities in compliance with the State's land reform laws, this

framework will promote sustainable agricultural practices without infringing upon established regulations. SAHAKARI SLAs are legally enforceable contracts between landowners and cultivators, structured under the Indian Contract Act, 1872. This allows Farmer Producer Organizations (FPOs), Krishikootam, Joint Liability Groups, Kudumbashree, Farmer Producer Cooperatives (FPCs), Agri-Startups, and individual farmers (hereafter collectively referred to as "cultivators") to undertake agricultural activities as a paid service to landowners, all while retaining full land ownership. Under this framework, landowners maintain complete control over their properties, while cultivators gain access to perform agricultural services. Importantly, since these SLAs do not involve leasing or tenancy arrangements, they adhere to the provisions set forth in Sections 74, 75, and 80 of the Kerala Land Reforms Act, 1963, which prohibit tenancy. Furthermore, the ownership structure remains intact, and landholding limits are preserved, thereby ensuring compliance with Section 82 of the Act.

4. Whereas Service Level Agreements (*Krishhi SAHAKARI SLAs*) offer a legally compliant solution for land aggregation, thereby fostering collaborative agriculture and optimizing resource utilization, this framework will enable cultivators to manage larger areas of land. This approach facilitates the adoption of advanced farming techniques, resulting in improved production outcomes. Under the SAHAKARI SLA framework, cultivators will oversee the entire agricultural process, encompassing soil preparation, planting, crop management, harvesting, and post-harvest processing. Additionally, they will manage allied activities, such as the establishment of nurseries. Cultivators will bear the investment costs associated with these activities and will be compensated through a revenue-sharing arrangement. Specifically, landowners will receive a fixed share of the revenue generated, while cultivators will retain profits exceeding this amount. This arrangement ensures mutual cooperation and shared benefits from productivity enhancements. The advantages of SAHAKARI SLA are:

- **Land Aggregation:** Facilitates the consolidation of fallow lands into economically viable croplands.
- **Legal Compliance:** Does not require policy changes or new laws; it adheres to all existing legal frameworks.
- **Economies of Scale:** Consolidated land enables farmers to achieve economies of scale, increasing market competitiveness.
- **Legal Security for cultivators:** Allows cultivators to operate without breaching tenancy laws.
- **Institutionalization of Farming as a Service:** Professionalizes farming as a service in Kerala by formalizing agreements.

- **Government Support:** SLAs enable farmers to access government schemes, bank credit, and procurement support.
- **Income for Landowners:** Provides landowners with a steady source of income without losing land ownership.

5. Government have examined the matter and are pleased to introduce the Krishi SAHAKARI Service Level Agreement (SLAs) in agriculture sector subject to the following conditions for ensuring enhanced/optimal utilisation of land, farm productivity & farmers' income:

- **Legal Compliance:** The SLA system will adhere to provisions under the Indian Contract Act, 1872.
- **Single window facilitation of the process:** Kerala Agriculture Business Company (KABCO), a public sector company under the Agriculture Development & Farmers' Welfare Department will facilitate online registration process of farmers and landowners with a one-time fee and legal scrutiny expenses.
- **Tripartite Agreement:** The agreements under *SAHAKARI SLA* will be tripartite between the landowners, cultivators and Kerala Agriculture Business Company (KABCO). Willing cultivators and landowners who have already arrived at an arrangement may register with KABCO and formalise a tripartite agreement, following due procedure.
- **Mandatory Registration:** Authenticated SLAs under the Indian Contract Act, 1872 must be registered as per law, paying requisite duty/fees to access government support. The single window operated by KABCO shall facilitate the same.
- **Data Management:** The data held by KABCO will be digitized, legally scrutinized, and made accessible to the Director, Department of Agriculture. The Kerala Agriculture Technology Hub and Information Repository (KATHIR) portal will be utilized for data management and provision of services.
- **Mentorship:** The jurisdictional Agriculture Officer will serve as the mentor and chief advisor for SLA projects, ensuring all eligible benefits are availed by the farmer.
- **Patronage:** The District Collector will be the Chief Patron for each project under SLA, while the Principal Agriculture Officer will act as the Patron who shall strive to establish a supportive ecosystem. The

patrons shall help trouble-shooting and grievance redressal to run the project smoothly.

- **Dispute Resolution:** In case of any unresolved major dispute between the parties, a retired judicial officer/Principal Agriculture Officer as the Chief Arbitrator, supported by two other retired Agricultural Officers shall settle the matter under the Arbitration & Conciliation Act, 1996.

6. A model *Krishi SAHAKARI Service Level Agreement* with the essential legal provisions that could be customised by the cultivators, landowners and KABCO by mutual consensus is appended for adoption. SLAs will initially be rolled out under the *New Agriculture Wealth Opportunities: Driving Horticulture and Agribusiness Networking (NAWODHAN)* and *Krishisamridhi* scheme areas, subsequently extended to cover all areas to bring 20,000 to 30,000 hectares of current fallow land into scientific agricultural use through the cooperative approach facilitated by the *SAHAKARI SLA*.

(By order of the Governor)  
PRASANTH N I A S  
SPECIAL SECRETARY

The Director, Agriculture Development & Farmers' Welfare Department,  
Thiruvananthapuram.

All District Collectors & PAOs (Via DoA)

The Principal Accountant General (A&E, Audit) Kerala,  
Thiruvananthapuram,

Finance Department

Planning & Economic Affairs Department

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Signed by

Nisha T K

Section Officer

Date: 04-10-2024 15:57:15

Copy to :- PS to Hon'ble Minister (Agriculture)

CA to APC & Principal Secretary to Government (Agriculture)

CA to Special Secretary to Government (Agriculture)

## **Model Format for Service Level Agreement between Farmland Owners and Farmers Producers Organisations (FPOs)**

### **MODEL KRISHI SAHAKARI SERVICE LEVEL AGREEMENT**

This Agreement is made on [Date], between the following three parties:

#### **1. Farmland Owner:**

- Name: [Farmland Owner's Name]
- Address: [Address]
- Contact Details: [Phone Number, Email]

#### **2. Farmers Producers Organisation (FPO / Farmer / SHG / Startup / Krishikoottam) :**

- Name: [FPO's Name]
- Registration Number: [FPO's Registration Number]
- Address: [Address]
- Contact Details: [Phone Number, Email]

#### **3. Managing Director, Kerala Agriculture Business Company (KABCO)**

#### **WHEREAS:**

1. The Farmland Owner owns and is in possession of land located at [Land Location/Address].
2. The FPO is engaged in providing agricultural services to enhance farm productivity.

**NOW, THEREFORE, the parties agree as follows:**

## **1. Scope of Services**

**1.1** The FPO agrees to provide the following agricultural services on the Farmland Owner's land:

- [Service 1: e.g., Soil testing & preparation]
- [Service 2: e.g., Planting of specific crops]
- [Service 3: e.g., Irrigation, crop management and maintenance]
- [Service 4: e.g., Harvesting]
- [Service 5: e.g., Post-harvest processing]
- [Service 6: Others, specify]

**1.2** The specific details and time lines for each service will be as outlined in Annexure A

## **2. Term of Agreement**

**2.1** This Agreement shall commence on [Start Date] and shall continue until [End Date] unless terminated earlier in accordance with the terms of this Agreement.

## **3. No Transfer of Land Rights**

**3.1** This Agreement does not constitute in any form, a lease, tenancy, possession or transfer of any land rights to the FPO. The Farmland Owner retains full ownership and control over the land.

**3.2** There is no intention to transfer any right, including any form of possession, lease or tenancy to the FPO/Farmer.

**3.2** FPO acknowledges that this Agreement does not grant any ownership or

leasehold rights over the property.

#### **4. Compliance with Laws**

**4.1** Both parties agree to comply with the provisions of the Kerala Land Reforms Act, 1963, and any other applicable laws and regulations.

#### **5. Compensation**

**5.1** The FPO will carry out all farming activities at its own expense and generate revenue from the sale of the produce. The FPO shall perform farming as a service against a consideration mentioned in 5.3.

**5.2** The FPO agrees to pay the Farmland Owner a fixed amount of [Fixed Amount] per [period: e.g., month, year] from the revenue generated from the sale of the produce, irrespective of the business prospects or agricultural yield. This fixed amount will be paid on [Payment Date] of each [Payment Period].

**5.3** The service charges owed by the Farmland Owner to the FPO for the farming activities will be set off against the revenue generated from the sale of the produce.

**5.4** The FPO is entitled to keep any profit they make in excess of the fixed amount after setting off the service charges for the farming activities against the revenue generated from the produce.

**5.5** The consenting parties may enter into supplementary agreements with detailed additional terms of payment, which has to be registered as part of this main agreement.

**5.6** The FPO agrees to pay an annual facilitation fee to M/S Kerala Agriculture Business Company (KABCO) for the processing and facilitation of this agreement as fixed from time to time.

#### **6. Responsibilities of the Farmland Owner**

**6.1** The Farmland Owner shall provide access to the land and necessary, agreed basic infrastructural resources required for the FPO to perform the

services.

**6.2** The Farmland Owner shall ensure that the land is free from any legal disputes or encumbrances that could hinder the performance of the services.

## **7. Responsibilities of the FPO**

**7.1** The FPO shall perform the services with due diligence, care, and in accordance with good agricultural practices.

**7.2** The FPO shall use appropriate and safe methods and materials in performing the services.

**7.3** The FPO shall not indulge in irresponsible or shortsighted farming practices that are unscrupulous and not backed by scientific data. The jurisdictional agriculture officer shall be consulted as and when required.

## **8. Termination**

**8.1** Either party may terminate this Agreement by giving [Notice Period: e.g., 60 days] written notice to the other party.

**8.2** This Agreement may be terminated immediately by either party if the other party breaches any material term of this Agreement and fails to remedy such breach within [Remedy Period: e.g., 15 days] of receiving notice of the breach.

## **9. Indemnity**

**9.1** Each party agrees to indemnify and hold harmless the other party from and against any claims, liabilities, damages, or expenses arising out of or in connection with the performance of this Agreement.

## **10. Dispute Resolution**

**10.1** The District Collector is recognised as the chief patron of this



arrangement to enhance agricultural output and the Principal Agriculture Officer/Project Director, ATMA Project shall be the patrons of this arrangement.

**10.1.1** Any disputes arising out of or in connection with this Agreement shall be resolved amicably through mutual discussions by the patrons or the Chief Patron as the case may be.

**10.2** If the parties are unable to resolve the dispute amicably, the dispute shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996.

**10.3** The venue of arbitration shall be [name of place], and the language of arbitration shall be Malayalam/English.

**10.4** Arbitrational Tribunal shall consist of three members and the Chief Arbitrator shall be a Retired Judicial Officer/ Principal Agriculture Officer, supported by two Retired Agricultural Officers.

**10.5** The tribunal shall, if required, accord priority in awarding timely interim measures invoking powers under section 17 of the Arbitration and Conciliation Act, 1996 after assessing the possibility of either party suffering irrecoverable damage and gauging the scale of convenience.

## **11. Miscellaneous**

**11.1** Entire Agreement: This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter hereof.

**11.2** Amendments: This Agreement may be amended only in writing signed by the parties.

**11.3** Governing Law: This Agreement shall be governed by and construed in accordance with the laws of India.

**11.4** Notices: Any notice required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, sent by registered post, or email to the respective addresses of the parties mentioned above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

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[Farmland Owner's Name]

Farmland Owner

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[FPO's Representative Name]

[FPO's Position]

Farmers Producers Organisation

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[MD, Kerala Agriculture Business Company (KABCO)]

### **Annexures**

- Annexure A: Details of Services and Timelines

- Annexure B: Payment Schedule and Method

[Shall be enclosed as per the services provided]