

Model law for contract farming

After two drafts that received wide criticism from both industry and farmers groups, Agriculture Minister Radha Mohan Sharma released the model law on Tuesday. The law is aimed at reducing farmers' risks by creating an assured market for their produce at a pre-agreed price, while encouraging investment from agribusiness and food processing industries by enhancing productivity and cost efficiency. It provides for State-level boards to be set-up to promote and facilitate — rather than regulate — contract farming, and sets out a framework for registering and recording agreements. It also provides for a dispute settlement authority. The model law stipulates that the sponsor will not be allowed to build any permanent structure on the farmers' land.

“In India, 86% of farmers fall into the small and marginal category,” said Ashok Dalwai, CEO, National Rainfed Area Authority, who chaired the committee that drafted the model law. “The average farm size is 1.15 hectares, so there is no efficiency of scale.” While collectivisation would improve efficiency, consolidation of farm lands is not possible under the Indian system, he said. “Instead, the produce of farmers needs to be aggregated,” he explained.

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com

crackIAS.com