

LOK SABHA PASSES THE FARMERS' PRODUCE TRADE AND COMMERCE (PROMOTION AND FACILITATION) BILL, 2020 AND THE FARMERS (EMPOWERMENT AND PROTECTION) AGREEMENT OF PRICE ASSURANCE AND FARM SERVICES BILL, 2020

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

Two bills aimed at transforming agriculture in the country and raising farmers' income were passed by Lok Sabha today. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 and The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020 were introduced in Lok Sabha on 14th September 2020 by Union Minister of Agriculture & Farmers' Welfare, Rural Development & Panchayati Raj, Shri Narendra Singh Tomar, to replace ordinances promulgated on 5th June 2020.

Replying to the discussion on the Bills before they were passed by the Lok Sabha today, Shri Narendra Singh Tomar said that the Government under Prime Minister Shri Narendra Modi is fully committed to the welfare of *Gaon-Garib-Kisan*. He reassured emphatically that while farmers will now be freed from the restrictions of having to sell their produce at designated places only, the procurement at Minimum Support Price will continue and *mandis* established under State laws will also continue to operate. The Union Agriculture Minister said that these legislations will bring about revolutionary transformation and transparency in the agriculture sector, electronic trading will increase, there will be accelerated agricultural growth as private investment will be attracted in building supply chains and agricultural infrastructure, new employment opportunities will be created and rural economy will get a boost, which will in turn help to strengthen the national economy.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 seeks to provide for the creation of an ecosystem where the farmers and traders enjoy the freedom of choice relating to sale and purchase of farmers' produce which facilitates remunerative prices through competitive alternative trading channels to promote efficient, transparent and barrier-free inter-State and intra-State trade and commerce of farmers' produce outside physical premises of markets or deemed markets notified under various State agricultural produce market legislations; to provide a facilitative framework for electronic trading and for matters connected therewith or incidental thereto.

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.

One India, One Agriculture Market

The Bill basically aims at creating additional trading opportunities outside the APMC market yards to help farmers get remunerative prices due to additional competition. This will supplement the existing MSP procurement system which is providing stable income to farmers.

It will certainly pave the way for creating One India, One Agriculture Market and will lay the foundation for ensuring golden harvests for our hard working farmers.

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

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