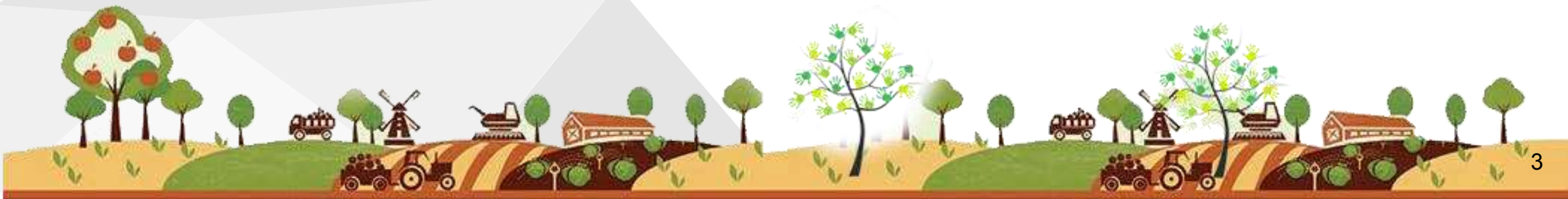


# Historic reforms in Indian Agriculture

**“Barrier Free Trade and Efficient Supply Chains  
“*One Nation One Market*”**

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***Marketing Division  
Ministry of Agriculture & Farmers' Welfare***



# ***From Ordinance to Act.....***

- ❖ Both the Houses of the Parliament had passed the bills to bring transformative changes in the lives of Indian Farmers and on 24<sup>th</sup> September, 2020 President of India had given his assent to the Act;
- ❖ “The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020” **and** “The Farmers (Empowerment and Protection) Agreement On Price Assurance and Farm Services Act, 2020” is published on 27<sup>th</sup> September, 2020 in the Gazette of India.

# Landmark Acts



## **“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.*



## **“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.*

# “The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020”

## Objective of the Act

- ❖ 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.

# Legal Competence

- ❖ Inter-State trade falls within Entry 42 of List I (Union List) of the Constitution of India.
- ❖ Though intra-State trade falls within Entry 26 of List II (State List), the same is subject to Entry 33 of list III (Concurrent List) of Constitution of India.
- ❖ Thus Central government is fully competent and empowered to legislate in inter-state and intra-state trade in farmers' produce.

# 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 centre. 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 Organisation, 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.



# धन्यवाद !

