

# REPORT OF THE SUPREME COURT APPOINTED COMMITTEE ON FARM LAWS





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MARCH, 2021



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# ACRONYMS

AIF	Agri Infrastructure Fund
APC	Agricultural Prices Commission
APLM	Agricultural Produce and Livestock Marketing (Promotion & Facilitation)
APMC	Agricultural Produce Market Committee
APMR	Agricultural Produce Markets Regulation
CACP	Commission for Agricultural Costs & Prices
CGWB	Central Ground Water Board
CIPHET	Central Institute of Post-Harvest Engineering & Technology
DACF&W	Department of Agriculture, Cooperation and Farmers Welfare
ECA	Essential Commodities Act
e-NAM	Electronic National Agricultural Market
F&V	fruits & vegetables
FCI	Food Corporation of India
FPOs	Farmer Producer Organizations
FRP	Fair and Remunerative Price
GDP	Gross Domestic Product
GST	Goods and Service Tax
GVO	Gross Value of Output
HYVs	High Yielding Varieties
MDFVL	Mother Dairy Fruits and Vegetables Limited
MPCE	Monthly Per Capita Expenditure
MSP	Minimum Support Price
NAFED	National Agricultural Cooperative Marketing Federation of India Ltd
NASC	National Agricultural Science Complex
NHB	National Horticulture Board
PAN	Permanent Account Number
PDS	Public Distribution System
PMFME	PM Formalization of Micro Food Processing Enterprises Scheme
PSF	Price Stabilization Fund
SAP	State Advised Price
SDM	Sub-Divisional Magistrate
TE	Triennium Average
WDRA	Warehousing Development and Regulatory Authority



# ACKNOWLEDGEMENTS

The members of the Committee are deeply indebted to the Hon'ble Supreme Court for the faith reposed in them and for giving them the opportunity to interact with farmers and other stakeholders across the country. The Committee would like to gratefully acknowledge that it has benefitted immensely from this consultative process, and many of its recommendations are based on very intensive discussions with stakeholders.

An earnest attempt has been made by the Committee to understand the implications, concerns and expectations from the three Farm Laws keeping an eye on the trends emerging from careful analysis of data. The Committee hopes that its recommendations can contribute to creating a facilitating atmosphere towards building a remunerative, competitive and sustainable agricultural sector. The Report, as desired by the Hon'ble Supreme Court, makes recommendations for the way forward keeping the interests of the 'farmer' as the pivot.

The Committee places on record the cooperation and logistical support provided by the officials of the Department of Agriculture, Cooperation and Farmers Welfare and the National Agricultural Science Complex (NASC).

The Committee expresses its deep appreciation to Surbhi Jain, Adviser, Department of Economic Affairs, for her key role in ably synthesizing the views of the Committee in this Report.

(Pramod Joshi)

(Anil Ghanwat)

(Ashok Gulati)



# EXECUTIVE SUMMARY

The Committee was given the mandate to interact with all stakeholders to assess the recently enacted three Farm Laws. The Committee adopted a four-pronged strategy in arriving at its recommendations: - (1) direct interactions; (2) invitation of comments on a detailed questionnaire through a dedicated portal; (3) invitation of suggestions/comments/feedback at a dedicated e-mail id; and (4) evidence-based analysis carried out by the Committee. The pivot of the strategy was to assess the enacted Farm Laws in terms of getting the best deal for the 'farmer' in an inclusive and sustainable manner - both financially and environmentally.

The four-pronged strategy that the Committee adopted during its deliberations made it evident that a majority of the farmers and other stakeholders support the Farm Laws. The analysis of the Committee recognizes that the Acts intend to develop competitive agricultural markets, reduce transaction costs, and increase the farmer's share in the realized price of an agri-produce. The feedback received by the Committee, also, brought out diverse views and suggestions for modifications in the Acts.

The Committee carefully considered the feedback and the evidence borne by analysis. The key recommendations of the Committee are as under:

## I. BROAD RECOMMENDATIONS

- (I) A repeal or a long suspension of these Farm Laws would be unfair to the 'silent' majority who support the Farm Laws.
- (ii) States may be allowed some flexibility in implementation and design of the Laws, with the prior approval of the Centre, so that the basic spirit of these Laws for promoting effective competition in agricultural markets and creation of 'one nation, one market' is not violated.
- (iii) Alternative mechanisms for dispute settlement, via Civil courts or arbitration mechanism, may be provided to the stakeholders.
- (iv) The Government should take urgent steps towards strengthening agricultural infrastructure; enabling aggregation, assaying and quality sorting of agri produce through cooperatives and Farmer Producer Organizations (FPOs), and closer interaction between farmers and warehouses/processors/exporters/retailers/bulk buyers.
- (v) An Agriculture Marketing Council, under the chairpersonship of Union Minister of Agriculture, with all States and UTs as members may be formed on lines of the GST Council to reinforce cooperative efforts to monitor and streamline the implementation of these Acts.
- (vi) A large-scale communication exercise needs to be taken up by the Government to alleviate the apprehensions, doubts, and concerns of rest of stakeholders.

## II. RECOMMENDATIONS REGARDING FARMERS PRODUCE TRADE AND COMMERCE (PROMOTION AND FACILITATION) ACT, 2020

- (i) Development of a Price Information and Market Intelligence System, as mandated in Section 7 of the Act, needs to be expedited.
- (ii) The terms of reference of the Commission for Agricultural Costs & Prices (CACP) can be expanded to collate, analyze and disseminate price information – both domestic and international, with a view to facilitate efficient price discovery – both spot and futures. Alternatively, an independent organization may be created for the purpose.
- (iii) There is a need to create a level-playing field to transactions in existing APMCs and in the 'trade area' as defined in the Act, the market fees/cess charged by APMCs, need to be abolished.
- (iv) A compensation fund needs to be devised by the Centre over a period of 3-5 years on the lines of compensation fund for loss in GST revenue.
- (v) States need to develop models to convert existing APMCs to revenue generating entities by making them hubs of agri-business by provision of better marketing facilities for cleaning, sorting, assaying, grading, storage and packaging.
- (vi) To enable ease of usage and wider compliance, a list of additional documents to ascertain the address of the buyer, as an alternative to PAN number, may be notified by the Central Government under Section 4(1) of the Act.
- (vii) Every trader/buyer may be required to register themselves which can be linked with the identity document notified by the Government (as in Proviso to Section 4(1)). An electronic dashboard may be developed for the purpose to enable ease of availability of information and strengthen the security of the transaction.
- (viii) The payment by a trader under Section 4(3) of the Act should preferably be made simultaneously on receipt of delivery of the agri-produce to alleviate concerns of non-payments.

## III. RECOMMENDATIONS RELATED TO FARMERS (EMPOWERMENT AND PROTECTION) AGREEMENT ON PRICE ASSURANCE AND FARM SERVICES ACT, 2020

- (i) A model contract agreement should be formulated and shared on the website with all stakeholders to remove various glitches in implementation.
- (ii) A major communication exercise needs to be undertaken to clear the apprehension that land of farmers would be usurped under this Act.

- (iii) States may notify a Registration Authority and provide for electronic registration for all farming agreements under Section 12 of the Act.
- (iv) To lend security to the contract for both the parties, the contract agreement should be signed by two witnesses from farmer's as well as contractor's side.
- (v) Provision in the farming agreement should be made in case market prices increase than the contracted prices.

#### IV. RECOMMENDATIONS RELATED TO ESSENTIAL COMMODITIES (AMENDMENT) ACT (ECA), 2020

- (i) The Government should consider in favour of completely abolishing the ECA Act, 1955 or take steps to substantially liberalize its provisions.
- (ii) The price triggers, at present 100 percent for perishables and 50 percent for non-perishables in the Amendment Act, may be reviewed and enhanced to 200 percent and 75 percent, respectively.
- (iii) Quantity of stock limits should be reasonably sufficient keeping in view of the trading volumes in major mandis.
- (iv) Stock limits, if imposed, should be reviewed on a fortnightly basis.
- (v) The price rise, as defined in the Amendment Act, should sustain itself for a month before any decision on stock limits is taken.
- (vi) The reference period for price rise may be reduced to last three years.
- (vii) Exports bans need to be rationalized and should be imposed in an objective manner based on similar price triggers as envisaged in this Act.
- (viii) All the warehouses beyond a certain capacity must be registered with Warehousing Development and Regulatory Authority (WDRA). They should be mandated to report on a monthly basis on the availability of stocks.
- (ix) The above information system can be integrated to the Price Information System as envisaged in the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 to develop effective forecasting mechanisms using information on expected demand and supply; and stocks-to-use ratio.
- (x) Operations under the Price Stabilization Fund need to be strengthened further by replenishing the buffer stock at harvest time when prices are generally depressed and releasing stocks in open market operations in lean-season when prices tend to rise.

## V. RECOMMENDATIONS RELATED TO AGRICULTURAL PRICE POLICIES

- (i) The MSP and procurement support policy, as was designed for cereals during the Green Revolution time, needs to be revisited.
- (ii) For wheat and rice, there has to be a cap on procurement which is commensurate to the needs of the Public Distribution System (PDS). The savings from this capping on wheat and rice procurement may be utilized to enhance price stabilization fund for other commodities such as nutri-cereals, pulses, oilseeds and even onion and potatoes on open market principles.
- (iii) The Committee supports the approach of NAFED in carrying out procurement operations in pulses and oilseeds under the Price Support Scheme – where procurement is done at the request of the States, a cap of 25 percent of the production is laid down and NAFED is exempt from payment of any mandi fees/cess/arhtiya commission.
- (iv) The procurement of crops at a declared MSP can be the prerogative of the States as per their specific agricultural policy priorities.
- (v) One of the options that the committee deliberated upon is to allocate the current expenditure by the Central Government on procurement, storage and PDS of wheat and rice across States based on an objective formula giving due weightage to production, procurement and poverty. The States should be given the freedom to devise their own approaches to support farmers and protect poor consumers in their respective States.
- (vi) Another option is to give freedom of choice to beneficiaries of PDS to choose cash transfers equivalent to MSP + 25 percent for every kg of grain entitlement or get it in kind (wheat or rice).
- (vii) A concrete road map for gradual diversification from paddy to more sustainable high-value crops, especially in Punjab-Haryana belt, needs to be formulated with adequate budgetary resources jointly by the Central Government and the respective State Governments.

# I. MANDATE OF THE COMMITTEE AND ITS APPROACH

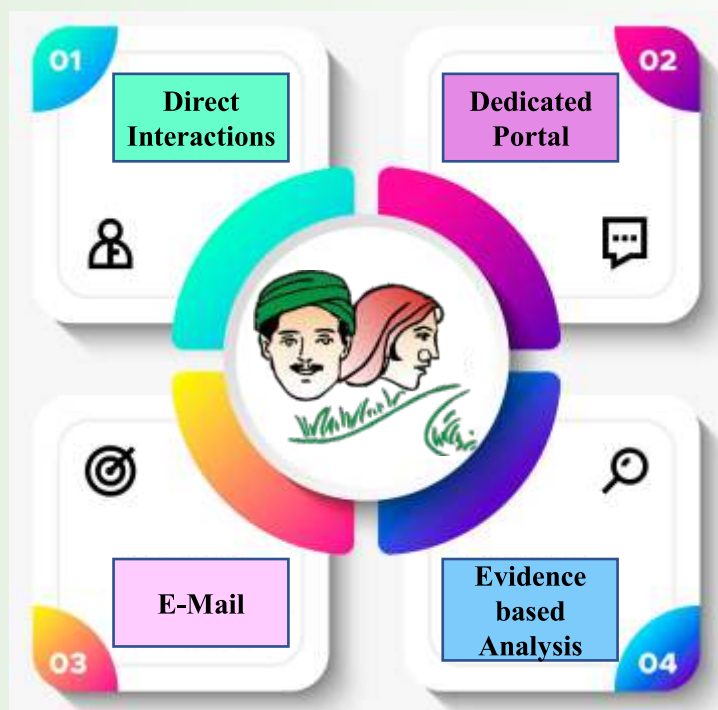
1. The Parliament of India framed the following three Acts (Annexure-I) on Indian agriculture:
  - (i) Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020.
  - (ii) Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020.
  - (iii) Essential Commodities (Amendment) Act, 2020.

The first two Acts were approved by the Lok Sabha on 17<sup>th</sup> September 2020 and the Rajya Sabha on 20<sup>th</sup> September 2020; and received Presidential assent on 24<sup>th</sup> September 2020. The third Act was approved by the Lok Sabha on 17<sup>th</sup> September 2020 and the Rajya Sabha on 22<sup>nd</sup> September 2020; and received Presidential assent on 26<sup>th</sup> September 2020.

2. Three categories of petitions against these Laws were filed in the Supreme Court - one challenging the constitutional validity of the farm laws, another supporting the farm laws and another from residents of the National Capital Territory of Delhi as well as the neighboring States, claiming that the agitation by farmers in the peripheries of Delhi and the consequent blockade of roads/highways leading to Delhi, infringes the fundamental rights of other citizens to move freely throughout the territories of India and their right to carry on trade and business.
3. A three-member bench of the Hon'ble Supreme Court of India, comprising of Hon'ble Chief Justice of India Shri Sharad Arvind Bobde, Hon'ble Mr. Justice A.S. Bopanna and Hon'ble Mr. Justice V. Ramasubramanian, having heard different perspectives, passed an interim order dated 12<sup>th</sup> January 2021 (*Annexure-II*) stating the following: *(i) The implementation of the three farm laws.... shall stand stayed until further orders; (ii) As a consequence, the Minimum Support Price System in existence before the enactment of the Farm Laws shall be maintained until further orders. In addition, the farmers' land holdings shall be protected, i.e., no farmer shall be dispossessed or deprived of his title as a result of any action taken under the Farm Laws. (iii) A Committee comprising of (1) Shri Bhupinder Singh Mann, National President, Bhartiya Kisan Union and All India Kisan Coordination Committee; (2) Dr. Pramod Kumar Joshi, Agricultural Economist, Former Director for South Asia, International Food Policy Research Institute; (3) Dr. Ashok Gulati, Agricultural Economist and Former Chairman of the Commission for Agricultural Costs and Prices; and (4) Shri Anil Ghanwat, President, Shetkari Sanghatana, is constituted for the purpose of listening to the grievances of the farmers relating to the farm laws and the views of the Government and to make recommendations....The representatives of all the farmers' bodies, whether they are holding a protest or not and whether they support or oppose the laws shall participate in the deliberations of the Committee and put forth their view points. The Committee shall, upon hearing the Government as well as the representatives of the farmers' bodies, and other stakeholders, submit a Report before this Court containing its recommendations. This shall be done within two months from the date of its first sitting. The first sitting shall be held within ten days from today.*

4. One of the nominated members, Shri Bhupinder Singh Mann, recused himself from being a part of the Committee. The other three members, accordingly, held the first meeting of the Committee on 19<sup>th</sup> January 2021 and finalized its approach on the mandate given by the Hon'ble Supreme Court. The Committee formulated a four-pronged strategy to arrive at its recommendations (Figure 1). It decided to get feedback of Farmers' Organizations and other stakeholders through (i) direct interactions with as many Farmer Associations/Organizations and other stakeholders as possible through video conferencing or physical meetings. Given the Covid-19 situation, video conferencing was the preferred mode; (ii) invitation of comments on a detailed questionnaire on the Farm Laws through a dedicated portal (<https://farmer.gov.in/sccommittee/>); and (iii) invitation of suggestions/comments/feedback at a dedicated e-mail id ([sc.committee-agri@gov.in](mailto:sc.committee-agri@gov.in)). The attempt of the Committee to outreach through these three approaches was given wide publicity through advertisements in newspapers and electronic media. The feedback received through these three channels was supplemented by the fourth pillar of evidence-based analysis carried out by the Committee in the overall context of dynamic evolution of the agricultural sector and its requirements for further growth. The fulcrum of the strategy was to assess the enacted Farm Laws in terms of getting the best deal for the 'farmer'.

**Figure 1: Four-pronged strategy to get feedback on Farm Laws**



5. The structure of the Report, accordingly, is as follows: Part I gives the detailed analysis of the three channels through which feedback was received by the Committee. Part II presents evidence-based analysis of the Committee in the overall context of transforming dynamics of the agricultural sector. Part III examines each Act with respect to the concerns raised during the feedback received by the Committee, and Part IV lays down the major recommendations of the Committee.

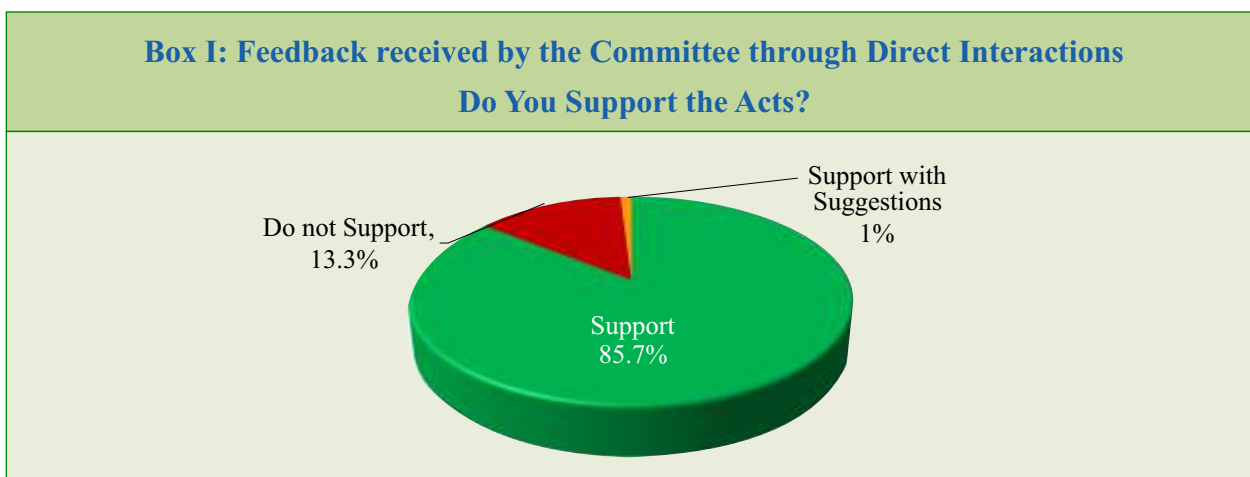


# PART 1

## ANALYSIS OF THE FEEDBACK RECEIVED ON FARM LAWS

### *First Pillar: Direct Interactions*

6. The Committee, extended invitation to 266 farmer organizations, including the ones agitating at the periphery of Delhi (details at Annexure -III). It held wide consultations, in its several meetings, with various stakeholders viz., representatives from Farmers' Unions, Farmer Associations, Farmer Producer Organizations (FPOs), Mandi Boards, Private Mandi operators, Industry Organizations, Processors and Aggregator Organizations, Marketing Federations, State Governments, Central Government, academic experts and others involved in agriculture related activities (details of the meetings held are attached at Annexure-IV).
7. The Committee interacted directly with 73 Farmer Organizations, either through video conferencing or physically. These Farmer Organizations represented more than 3.83 crore farmers. The results of this interactions with 73 Farmer Organizations were duly compiled and processed in terms of how many farmers support these laws, how many oppose, and finally how many support with some suggestions for modifications (Box-1). Very briefly, the results indicated that of these 73 Farmer Organizations, 61 Farmer Organizations, representing 3.3 crore farmers, fully supported the Acts – a majority constituting 85.7 percent of the total farmers. But 4 Farmers Organizations, representing 51 lakh farmers (13.3 percent), did not support the Act. Another 7 Farmer Organizations, representing 3.6 lakh farmers (1 percent) supported the Acts with some suggestions for modifications. 1 Farmer Organization, representing 500 farmers, was not clear on the implications of the Farm Laws.
8. The interactions brought forward many suggestions such as need to provide an alternative dispute settlement process, set up 'farmers courts' or fast track tribunals at district, State & National level, complete abolition of the ECA Act, centralized registration for parties entering into a farming agreement, electronic registration for a private trader purchasing farm produce in a trade area, enabling provision of more documents of identification along with PAN, provision of certain flexibilities to the States and extending the Minimum Support Price (MSP) to more commodities with a legal backing.



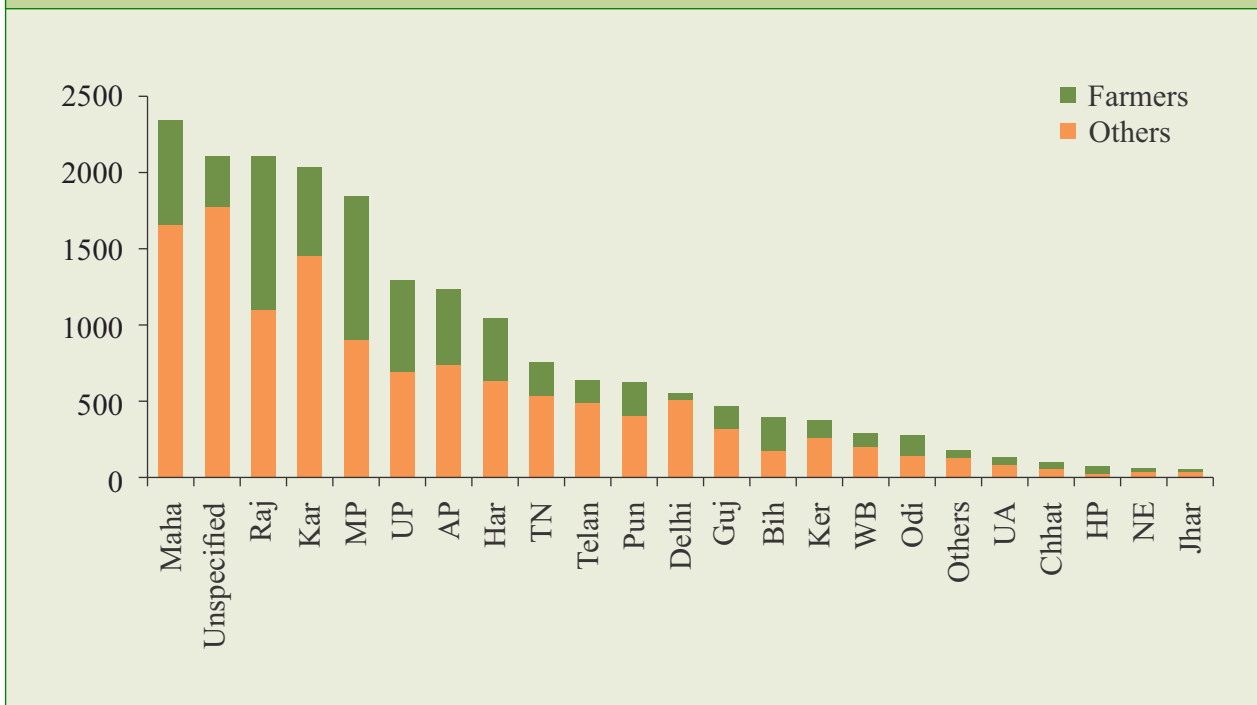
9. It may, however, be noted that in these interactive sessions with Farmers Organizations, the agitating farmers' organizations at the periphery of Delhi did not join the discussions with the Committee despite repeated invites sent to them. The Committee was informed that the organizations were not willing to present before the Committee and preferred bilateral discussions with the Government. The Committee respects their decision of not participating in its deliberations. However, their concerns, as ascertained from media reports and interactions with Government, have been kept in mind by the Committee, while formulating its recommendations.

### ***Second Pillar: Feedback through a dedicated portal and online questionnaire***

10. The Committee invited comments on a detailed questionnaire on the Farm Laws through a dedicated portal (<https://farmer.gov.in/sccommittee/>). An encouraging response to the questionnaire from across the country has been received with 19,027 representations/suggestions. This feedback includes 5451 farmers, 929 FPOs, 151 Farmers Unions and 12,496 other stakeholders. Overall results of this feedback on the portal showed that around two-thirds of the respondents supported the Acts.
11. The feedback from the farmer group respondents also shows that only 42.3 percent of the farmer groups sell their produce in the APMC mandis - and it is concentrated mostly in the States of Punjab and Haryana where more than 70 percent respondents sell in APMC mandis. As livestock and fishery, constituting around 40 percent of the agricultural output, do not transact through the mandis, the responses can be presumed to reflect only the crop sector.
12. Around two-thirds of the respondents felt that the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 would give more choice to the farmers beyond the APMC mandis and would enable farmers to get a better price for their produce. A State-wise analysis of the Act shows that respondents in Punjab (64 percent), Andhra Pradesh (51 percent), Kerala (49 percent) and West Bengal (47 percent) feel that the Acts would not give a choice to farmers to sell beyond the APMC markets. Around 51.5 percent of the respondents feel that the dispute settlement process, as laid down in the Act, would serve the purpose.
13. Regarding the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, 69.1 percent of the respondents were aware that the Act provides for an agreement for farm produce and not for land. Around 58.2 percent of the respondents felt that there is no risk of acquisition of land by the corporate sector under the Act. However, 28.7 percent of the respondents were unsure about this clause while 13 percent said that there was a risk of land acquisition. Around 52.7 percent felt that the dispute settlement process, as laid down in the Act, was effective.
14. Regarding the Essential Commodities (Amendment) Act, around 97 percent of the respondents were aware of the Act. Around 41 percent of the respondents said that they would not be affected by the Act while one-third of the respondents were unsure.
15. Further, only 27.5 percent of respondent farmer/farmer groups sell their produce at the Minimum Support Price (MSP). This is concentrated mostly in States of Chhattisgarh, Punjab and Madhya Pradesh. As livestock, fishery and horticulture, together constituting 60 percent of the agricultural output, are not covered under the MSP, it is assumed that the feedback received on MSP reflects the crop sector. A detailed analysis of the feedback received through the portal is given in Box II.

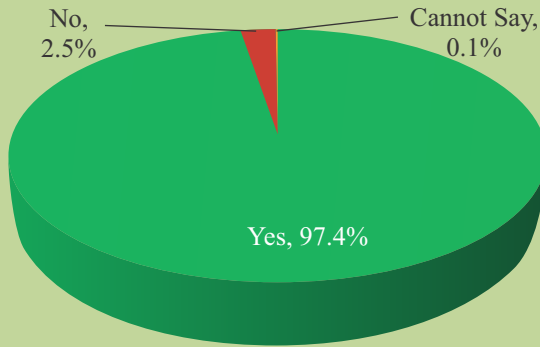


**Box II: Feedback from the Dedicated Portal**  
**State-wise Distribution of Responses**

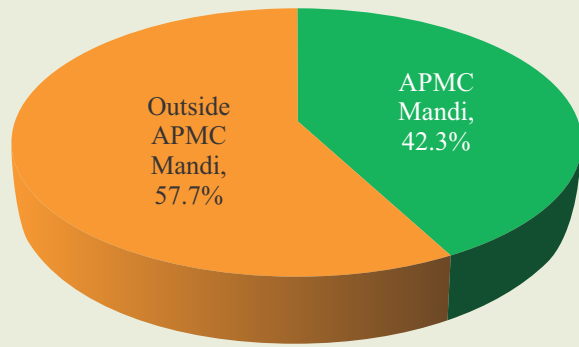


**Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020**

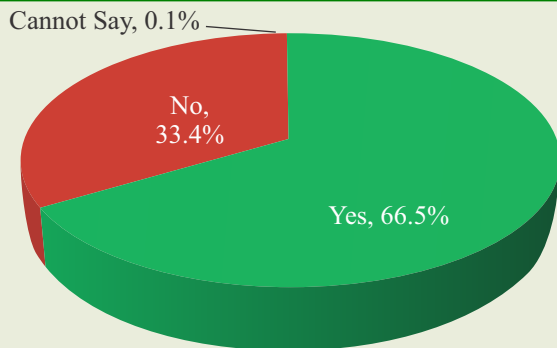
**I. Are you aware about this Act?**



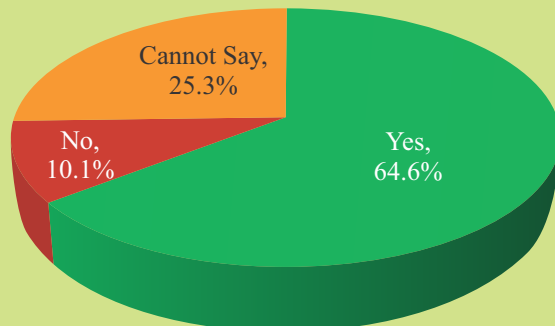
**II. Where do you sell your produce? (Farmers/Farmers group only)**

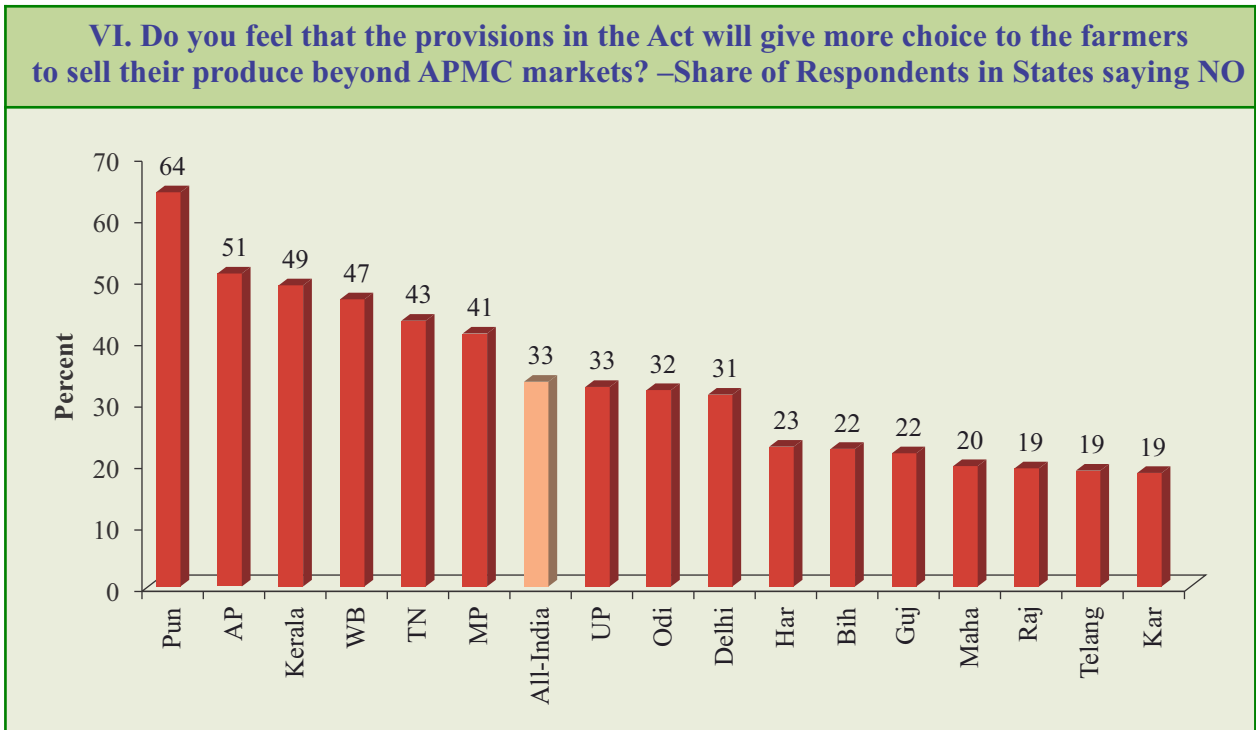
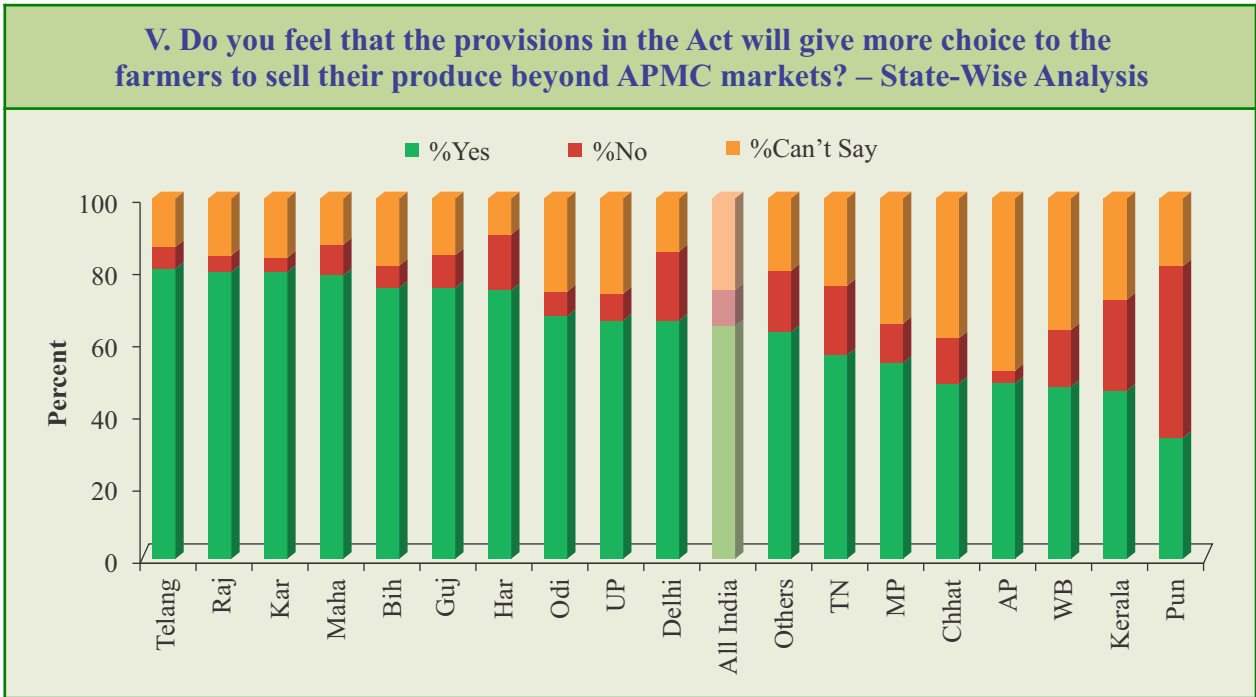


**III. Do you feel that the provisions in the Act will give more choice to the farmers to sell their produce beyond APMC markets?**

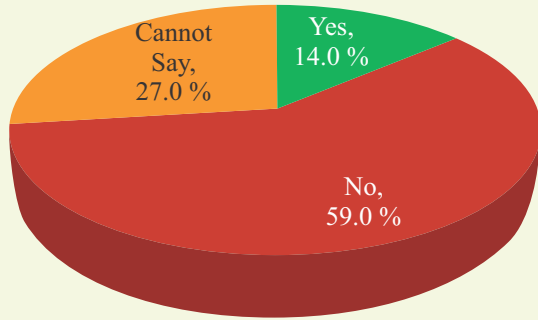


**IV. Will such an arrangement benefit farmers in realizing better prices of their produce?**

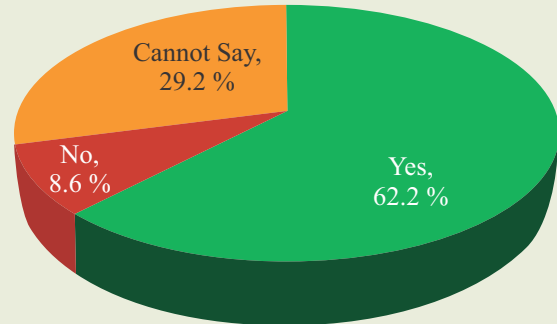




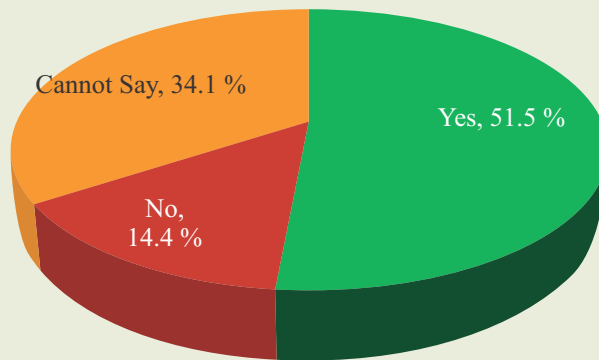
**VII. There are apprehensions that the provisions in the Act will collapse APMC markets. Do you feel so?**

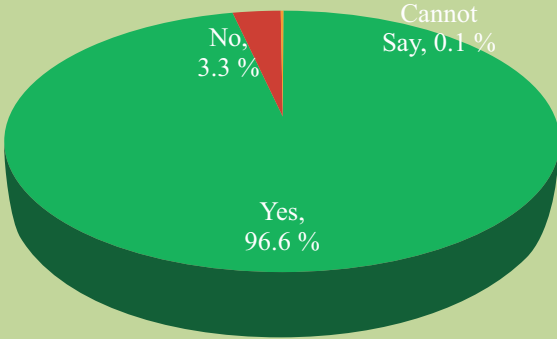
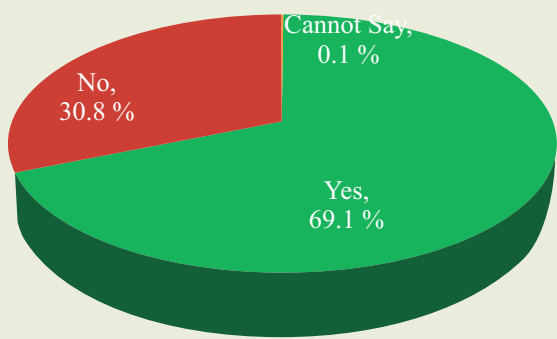
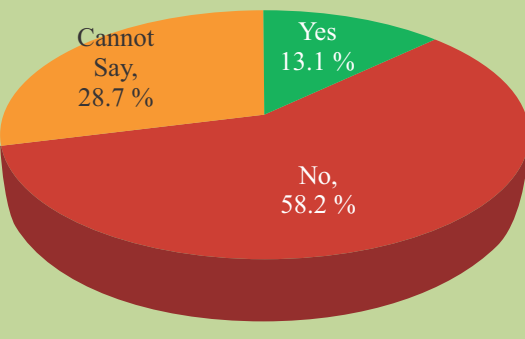
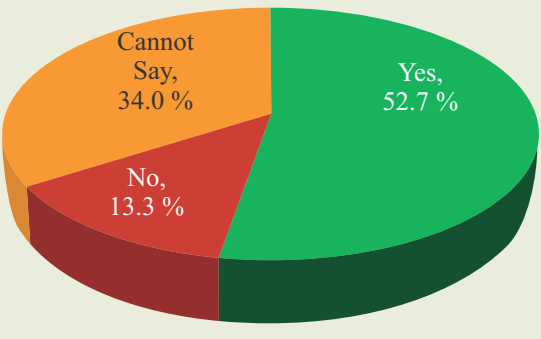
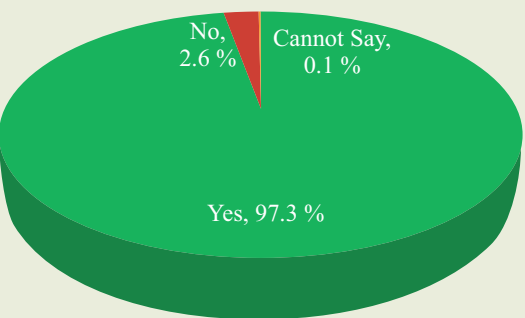


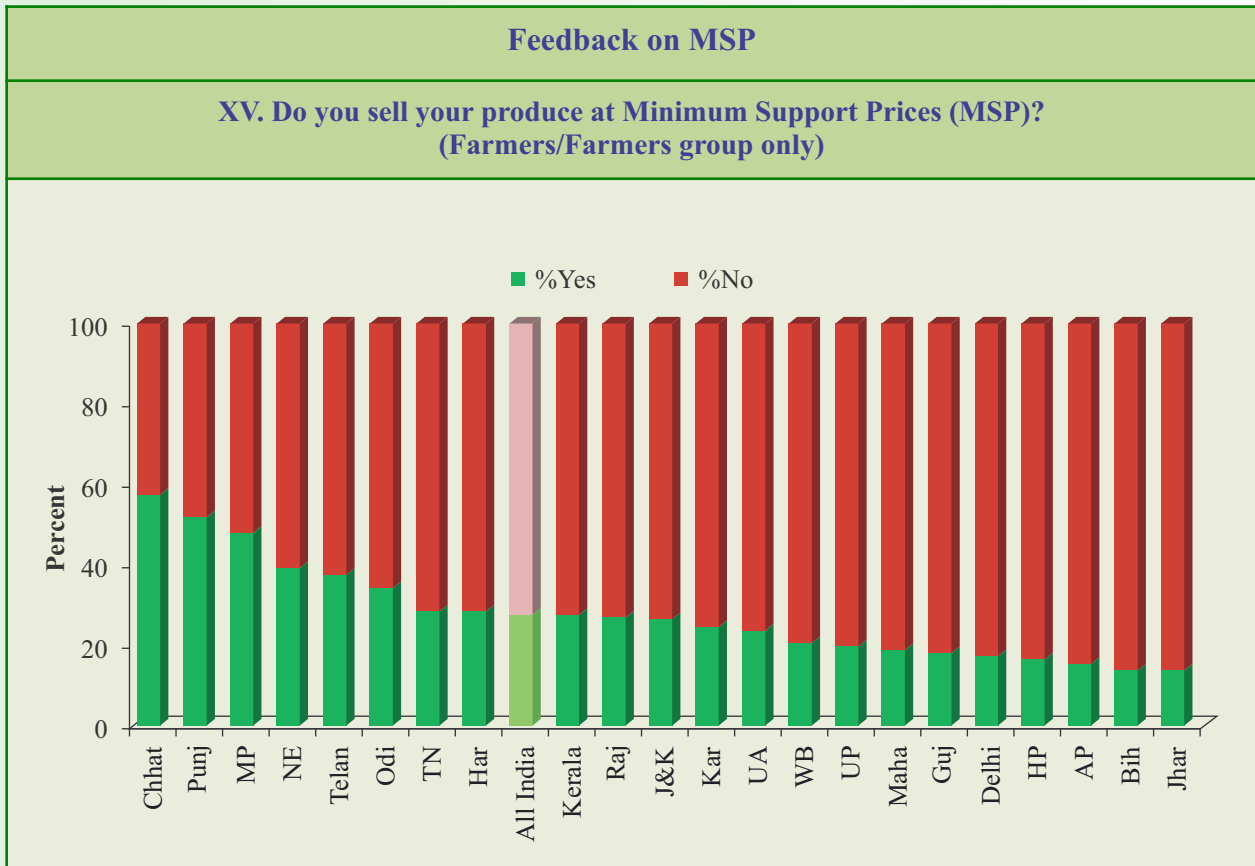
**VIII. Do you think that the Act will provide opportunities for electronic trading?**



**IX. Do you think the existing provision through SDM will serve the purpose?**



<b>Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020</b>																	
<b>X. Are you aware about the Act dealing with contract farming?</b>	<b>XI. Do you know the Act is contract for produce and not for land?</b>																
 <table border="1"> <caption>Data for Question X</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>96.6 %</td> </tr> <tr> <td>No</td> <td>3.3 %</td> </tr> <tr> <td>Cannot Say</td> <td>0.1 %</td> </tr> </tbody> </table>	Response	Percentage	Yes	96.6 %	No	3.3 %	Cannot Say	0.1 %	 <table border="1"> <caption>Data for Question XI</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>69.1 %</td> </tr> <tr> <td>No</td> <td>30.8 %</td> </tr> <tr> <td>Cannot Say</td> <td>0.1 %</td> </tr> </tbody> </table>	Response	Percentage	Yes	69.1 %	No	30.8 %	Cannot Say	0.1 %
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<b>XII. Do you think that there may be risk of acquiring land by the corporate sector or the contractor?</b>	<b>XIII. Do you agree with the dispute resolution through SDM under the Act?</b>																
 <table border="1"> <caption>Data for Question XII</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>No</td> <td>58.2 %</td> </tr> <tr> <td>Cannot Say</td> <td>28.7 %</td> </tr> <tr> <td>Yes</td> <td>13.1 %</td> </tr> </tbody> </table>	Response	Percentage	No	58.2 %	Cannot Say	28.7 %	Yes	13.1 %	 <table border="1"> <caption>Data for Question XIII</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>52.7 %</td> </tr> <tr> <td>Cannot Say</td> <td>34.0 %</td> </tr> <tr> <td>No</td> <td>13.3 %</td> </tr> </tbody> </table>	Response	Percentage	Yes	52.7 %	Cannot Say	34.0 %	No	13.3 %
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<b>XIV. Are you aware about the Act?</b>																	
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16. The feedback received by the Committee also manifests that many respondents were uncertain on some aspects of the Acts though they supported the overall Acts. This shows the communication gap between farmers and what the Government intends through these Acts.

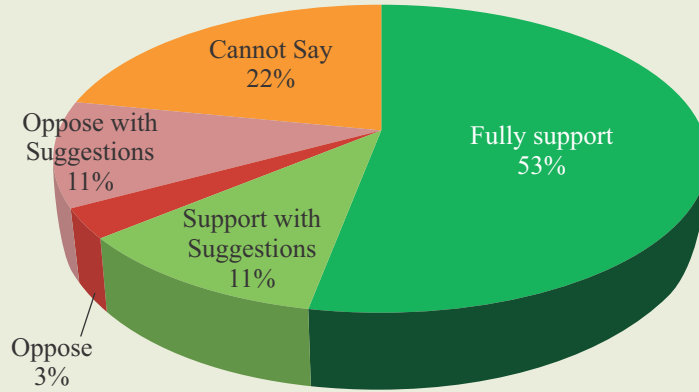
***Third Pillar: Feedback through Dedicated E-mail id of the Committee***

17. The Committee invited suggestions/comments/feedback on the Farm Laws at a dedicated e-mail id (sc.committee-agri@gov.in). A total of 1520 mails were received by the Committee. It may be noted that one mail contained suggestions/feedback on more than one Act. These mails have been carefully analyzed and feedback on each of the Laws was segregated. Briefly, the Committee received a total of 1520 mails regarding the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020; 1463 mails regarding the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020; and 1431 mails regarding the Essential Commodities (Amendment) Act, 2020. A majority of respondents supported the three Farm Laws as is evident from Box III.

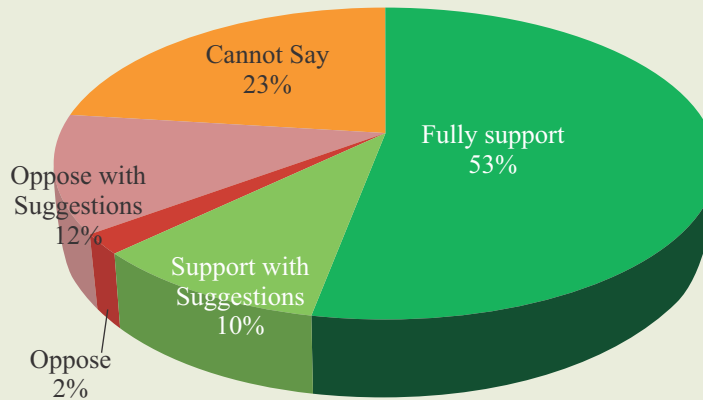


**Box III: Feedback received by the Committee through Dedicated E-mail**

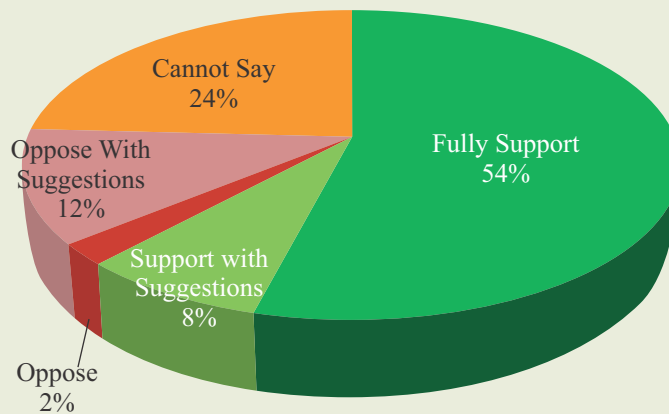
**Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020**



**Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020**



**The Essential Commodities (Amendment) Act, 2020**



18. The Committee has received mails from various sections, from senior erstwhile policymakers, from farm leaders, from practitioners across States and from citizens across India. The Committee chooses not to specify the name of the sender. However, some excerpts of mails that give an overarching reaction to the Laws, including that of mode of passage of Laws are shared below:

*"The hurried process followed created Trust Deficit. There was no urgency for ordinances. When ordinances were issued there was a time of six months. The bills should have been put on public domain and discussed with stake holders to bring them on board. When the bills were introduced extensive discussions were not allowed, question hour deleted. Select committee demanded by the opposition was not allowed, Bills were passed in steamroller manner. Same over hurry and manipulation was resorted to in upper house, The Acts were got signed by the President of India almost in suspicious hurry! This created very deep trust deficit with the government and gave birth to the agitation....."*

*"The farm bills being implemented is a welcome step towards farmer welfare and the worry of farming community is similar to that of people who were earlier objecting to mechanization, thinking that there would be job loss of workers but today India produces and consumes the highest number of tractors in the world with about 8 lacs per annum while the entire Europe consumes about 4 lacs, China about 6 lacs and USA about 4 lacs. Today every farmer wants to have a tractor and the myth of not promoting farm mechanization is over. People have understood the advantage. Similarly, farmers and their families will also understand the advantages of new farm bills and that will be good for all. We completely support the farm bills."*

*"Farm laws applicability can be made optional for State Governments. But in case any state government decides not to implement new farm laws, then the state only will be responsible for procurement of all farm produce at MSP, its storage, and subsequent sale / export without any subsidy by central government."*

19. Some e-mails gave valuable suggestions on the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 as follows:

*"The farmers apprehend that APMC Mandis will be finished through time by the private mandis. In my view someone must be out of mind who will establish such Mandis in competition! What will he gain out of it? He cannot purchase everything that comes to the market! There have to be buyers and sellers of various products and shades. What will the private player make out of it? If foolishly one does that it cannot be charity, Will he not charge in one form or the other? May be more charges there than what is charged in the APMC markets! There is remote, rather no possibility of such competing markets. Private players will be for specific product(s) produced under the contract terms".*

20. Various suggestions were also received regarding the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020. Some excerpts are:

*"Presently there is no legal provision to protect the interests of small farmers if they enter into contract to produce something for the sponsor. I have authentic examples of the sponsor abdicating responsibility at the last moment when he sees loss to him. I was hunting for such an Act for the last more than forty years, .... The sponsor cannot buy or get attached the land of the farmer: He can't get the land get mortgaged in his name; he cannot even get the land on lease. How can the sponsor get the farmer out of his land?"*

*If the land is taken on rent. After the contract period is over the sponsor has to return the land in the same shape and if some structures are raised, these will have to be removed within specific period. Otherwise, the farmer will become owner of those structures!*

*Under the contract, provisions can be entered that sponsor will supply seed, other inputs, pesticide, machinery if needed and technology. The cost he will deduct from the proceeds of the product. He cannot even question the quality or even reject below standard produce because he himself has got the product produced at his cost. If the proceeds are lower than the costs incurred by the sponsor, farmer is not responsible! Even risk sharing due to natural or man-made calamities can be provided for. Above that till the produce is handed over to the sponsor, owner of the produce remains the farmer. What else is needed??? Unwittingly the farmers are demanding access to civil court which gives upper hand to the sponsor. Neither the small farmer can access nor defend his case in civil courts. Sponsor has the financial strength to do so. If the case goes against sponsor, he can get stay at various level of courts. We all know it takes years to decide cases in civil courts. Farmer will be at the losing end whatever the decision, against or in favour of him. Time bound decisions by SDM and finally by DC are in the interest of aggrieved farmers".*

21. Some mails provided suggestions on the issue of MSP and its impact. An excerpt of a mail is as follows

*"MSP and free farm power have played havoc to the underground water and soil as well agro - environment of Punjab and Haryana. We are eating up the resource endowment meant for our children. Water balance is deteriorating so fast that after few decades our children will not be left with water to drink. We are heading towards handing over Punjab as a desert to our future generations. Farmers must start growing the crops which they will grow after the water is finished. Government can give them electricity and inputs and prices but cannot give water!*

*Legal status of the MSP is not tenable. MSP means it must be higher than the market price and backed up by procurement. In such a scenario total to the last grain all the producer will prefer to sell it to the government and demand for consumption at lower price. Can the government afford that or can the government sell the purchased product at cost plus? Moreover, the governments are not traders.*

*Farmers need subsidies but not in the form of input and price subsidies. These are WTO red box subsidies These subsidies interfere in the demand and supply equilibrium and their impact falls adversely on consumers. Instead, income support/ development subsidies (product specific or otherwise) which are provided by developed countries are not market distorting subsidies and are green box subsidies, the impact of them fall on state exchequer not on the consumers. So, this is a totally untenable demand. Government should declare MSP only for the produce the government needs to buy and must be backed up by procurement!"*

22. These excerpts are only a few examples of mails (names kept in confidence by the Committee). But there are hundreds of such suggestions/observations received by the Committee. All of them cannot be put here but rest assured that the Committee has read them carefully and deliberated in detail on such observations/suggestions before arriving at its recommendations.

# PART 2

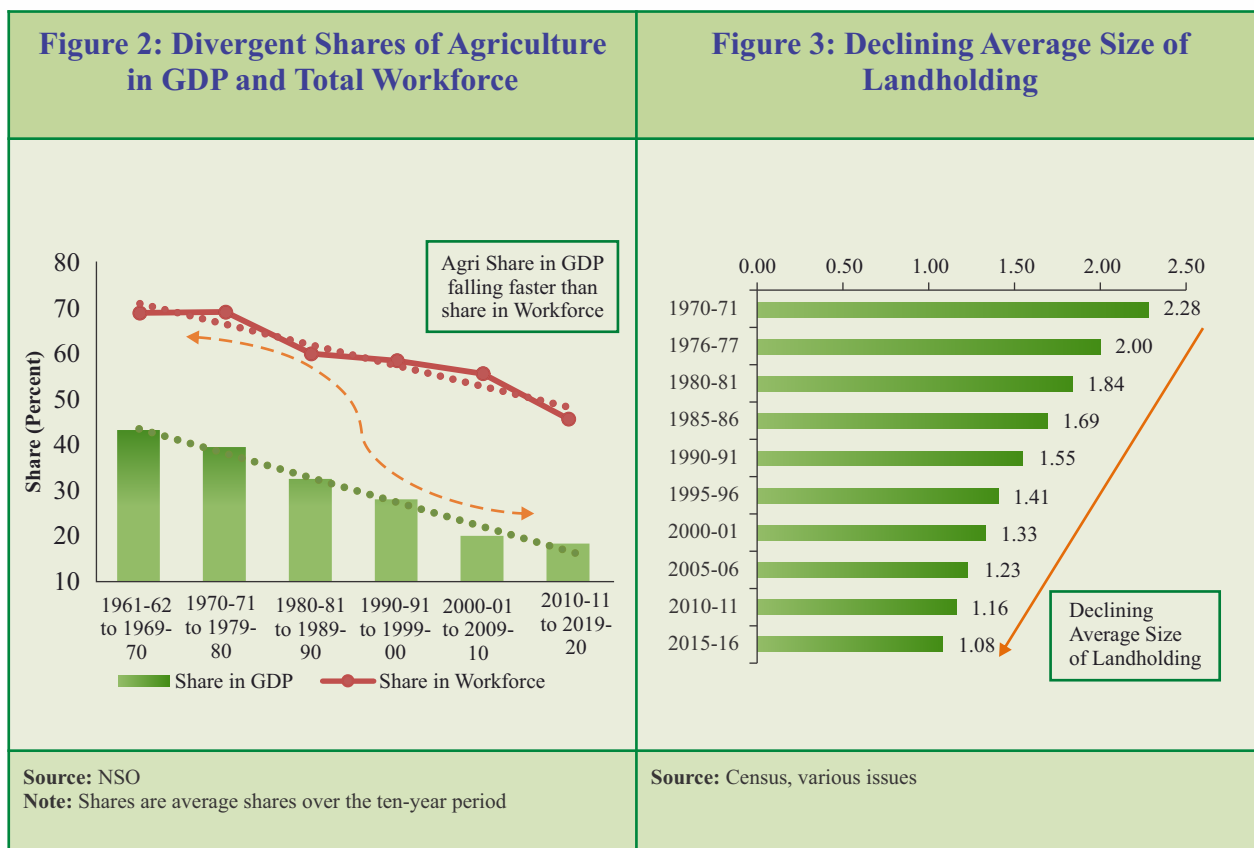
## FOURTH PILLAR: EVIDENCE BASED ANALYSIS BY THE COMMITTEE

23. The Farm Laws have to be seen within the overall context of structural dynamism of the agricultural sector, evolution of agricultural policy over the years and expected demand shifts in the future. Agricultural policy, till now, has largely been focused on enhancing production with a revolutionary success manifesting in various sub-sectors of agriculture such as foodgrains, horticulture, milk, poultry and fisheries. It has turned India from a food deficit country to one with a net surplus in agricultural trade. India, today, is the world's largest milk, pulses and cotton producer, second largest producer of rice, wheat and fruits & vegetables, third largest producer of eggs, fifth largest producer of broilers - just to mention a few.
24. India has, thus, showcased an impressive growth trajectory from a food scarce country to a food self-sufficient and steadily to a food surplus one. The need to relook and redesign policies made for the scarcity era, therefore, gains prominence. Several farm leaders, most notably Late Shri Sharad Joshi, have been in the forefront to demand freedom for farmers to market their produce. The policy to integrate markets, accordingly, was in the process of evolution with due consultations underway during the last two decades. The approach of the Committee, through this fourth pillar of data backed analysis, is to understand the dynamics of the agricultural sector, role of mandis and the extent of transactions through the regulated mandis; MSP policy and its coverage; need for investments to move up the value chain of food processing; and associated policies in the food sector. The prime focus of the approach is to augment farmers' income in an efficient, inclusive, scalable and sustainable manner - both financially and environmentally.

### Indian Agriculture - Structural Dynamism

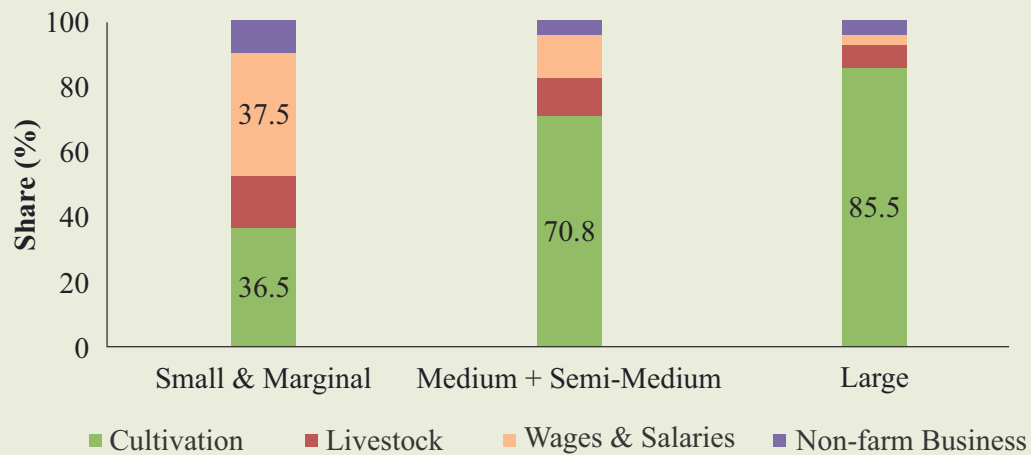
#### *Dominance of Small and Marginal Farmers*

25. In line with the process of development, the share of agriculture in India's GDP has been declining over the years to around one-fifth but it continues to employ nearly 42.3 percent of the country's workforce in 2019-20 (Figure 2). The two diverging shares is a matter of concern because it keeps the labour productivity in agriculture low. The average size of land holdings has halved from 2.28 ha in 1970-71 to 1.08 ha in 2015-16 (Figure 3). Further, within the agriculture workforce, for the first time in 2011, the share of cultivators in the total agriculture workforce reduced to 45.2 percent, while those of agricultural labourers increased to 54.8 percent pointing to unviable size of land holdings.



26. It is also useful to observe, that the ratio of farm income is directly correlated with the size of the landholding (Figure 4). Large landholders (constituting 0.6 percent of total operational holdings and 9 percent of total operated area) received around 85.5 percent of their incomes from cultivation while small and medium farmers earned one-third of their incomes from both cultivation and wages & salaries – indicating that the small size of landholdings constrains the farm family to meet its full income needs through cultivation and livestock. They, therefore, have to rely more on wages and salaries outside the agricultural sector.

**Figure 4: Source of Income of Farmers by Land size, 2012-13**

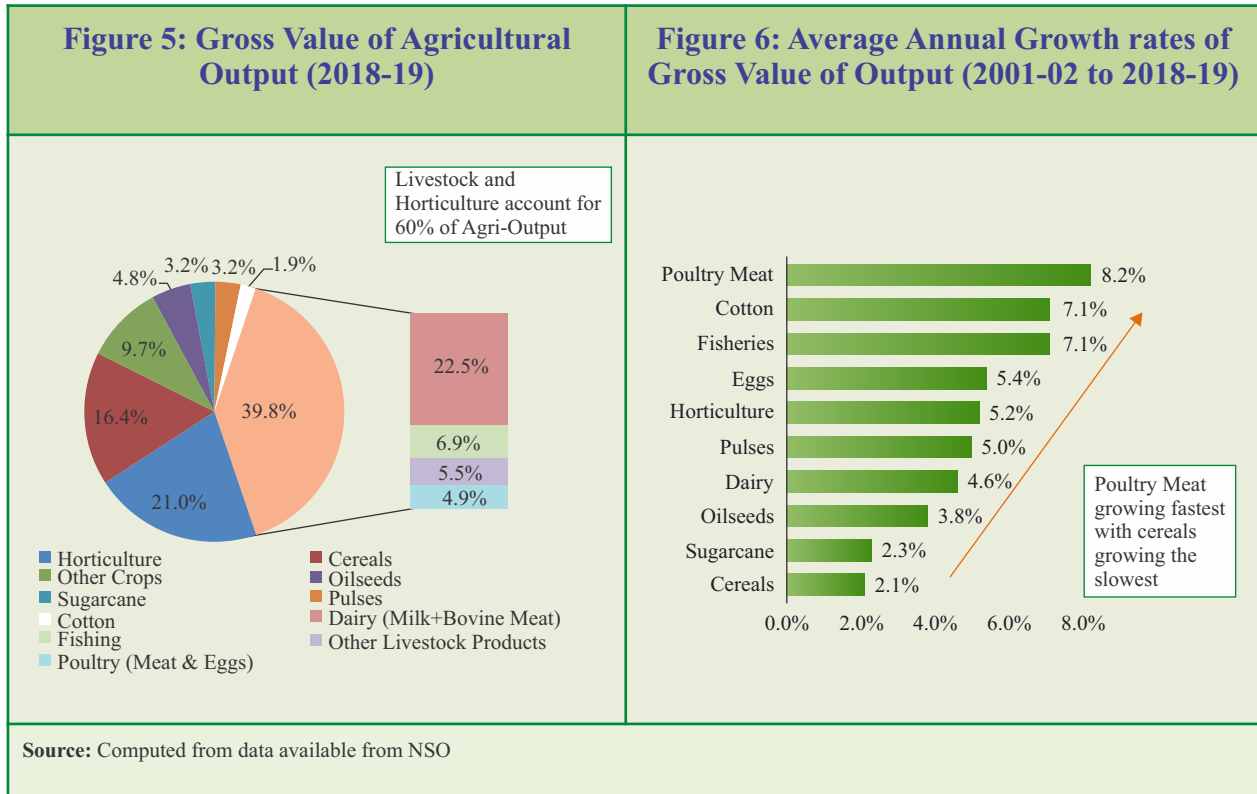


Source: NSSO 70th Round on Situation Assessment Survey of Agricultural Households

27. The small and marginal farmers account for 86 percent of the total operational land holdings in India and 47 percent of the total operated area. They face high transaction costs in aggregating their produce and in accessing technological inputs, remunerative markets and finance at competitive rates. These Farm Laws are trying to create an ecosystem, particularly for these small and marginal farmers, to facilitate their ease of access through Farmer Producer Organizations (FPOs) and partnership through contract farming.

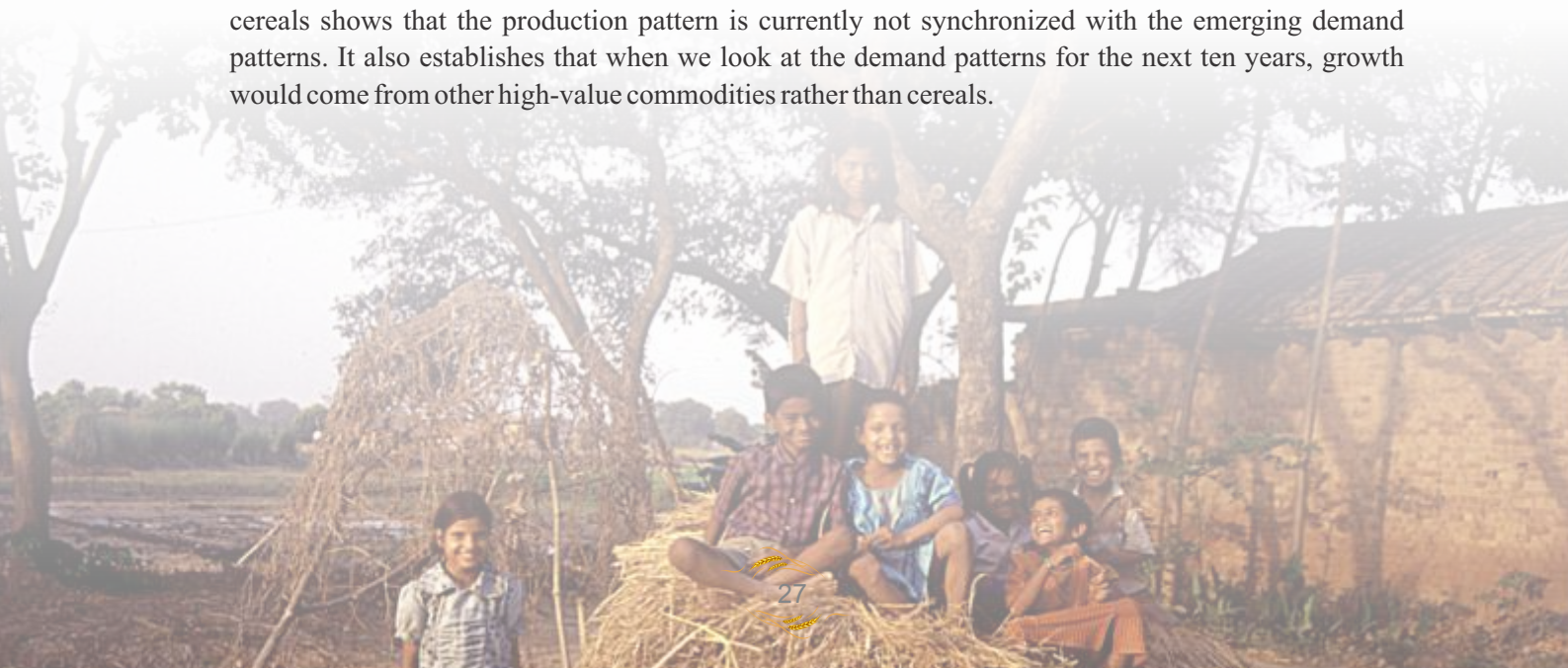
***Livestock and Horticulture constitute 60 percent of Gross Value of Output (GVO)***

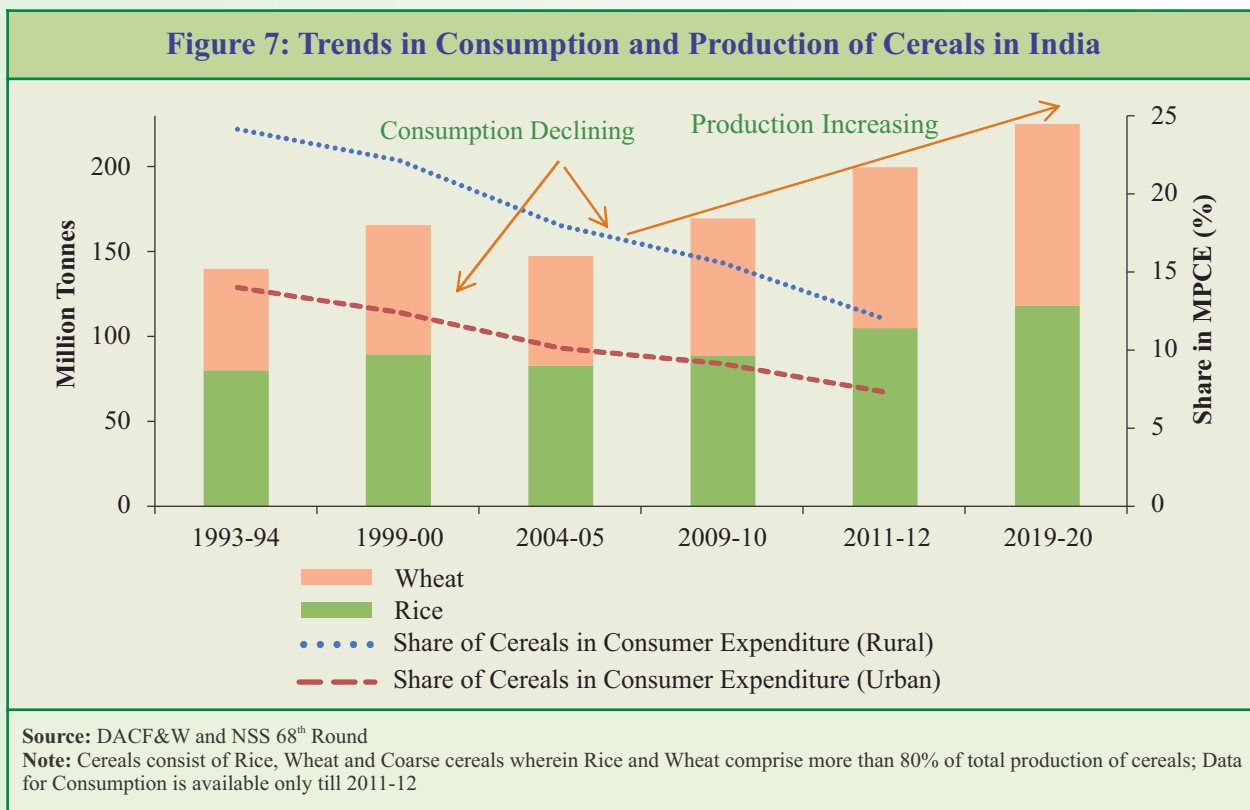
28. The composition of the Gross Value of Output (GVO) in agriculture has been transforming with livestock & fishery constituting around 40 percent and horticulture accounting for 20 percent in 2018-19 (Figure 5). Poultry, fishery, dairy and horticulture are growing around 3 to 5 times than cereals (Figure 6). Production of fruits & vegetables (F&V) overtook foodgrains' production in terms of both volume and value in 2014-15. These sectors are neither dependent on MSP nor get transacted through the APMC mandis. Although horticulture comes to mandis, they face high mandi charges. Recognizing the need to reduce transaction costs, 23 States have already delicensed F&V.



### *Consumption patterns shifting away from cereals*

29. The change in the composition of agricultural output is in line with the change in demand patterns wherein over the past two decades, share of food in total expenditure (as explained by the monthly per capita expenditure, MPCE) has fallen signaling a clear shift in expenditure behaviour. NSS 73rd round on consumer expenditure shows that the share of cereals in MPCE has fallen by about 33 percent in rural India and about 28 percent in urban India from 2004-05 to 2011-12 (latest estimates available). Figure 7 shows the declining share of cereals in consumer expenditure while the production of rice and wheat has reached new records. This trend of decreasing per capita demand for cereals and increasing supply of cereals shows that the production pattern is currently not synchronized with the emerging demand patterns. It also establishes that when we look at the demand patterns for the next ten years, growth would come from other high-value commodities rather than cereals.





### *Need for post-harvest management of agri-produce*

30. There has been enormous success in achieving increase in production, but post-harvest management of agricultural produce is still a challenge. As per a study by Central Institute of Post-Harvest Engineering & Technology (CIPHET), the post-harvest losses were to the tune of 6 percent in cereals, 8 percent in pulses, 10 percent in oilseeds and 15 percent in fruits and vegetables with an estimated annual value of total losses is Rs 92,651 crore in 2014-15. The level of value addition and processing is still below 10 percent in fruits and vegetables. There are estimates that by 2030, there would be 60 crore people in urban areas who would have to be provided food being produced largely in hinterland areas. Thus, there is an essential requirement of post-harvest management by connecting food producers with consumers so that farmers can access those markets while minimizing food losses and ensuring food safety. These Farm Laws endeavor to create an ecosystem to facilitate private investments in well-oiled supply chains to cut down logistics, add value and reduce food losses.

### *Evolution of Agricultural Policy: Need to integrate Production with Markets*

31. Agricultural policies in India have been designed as per the structural requirements of the sector (Table 1). At a time of sustained deficit, as was the case in 1960s and 1970s, it was obligatory to regulate, to control and monitor the production and the flow of food across the country. Most of the States enacted and put into operation the Agricultural Produce Markets Regulation (APMR) Acts and all primary wholesale assembling markets were brought under the ambit of these Acts. The main objective to regulate the practices at primary agriculture market yards was to protect the interests of farmers by



providing an environment of fair play and transparency in transactions. Over a period of time, these APMC mandis became prey to oligopolistic structures with high commissions and rent-seeking. There were stringent controls on the storage and movement of several agricultural commodities enacted through the Essential Commodities Act (ECA), 1955.

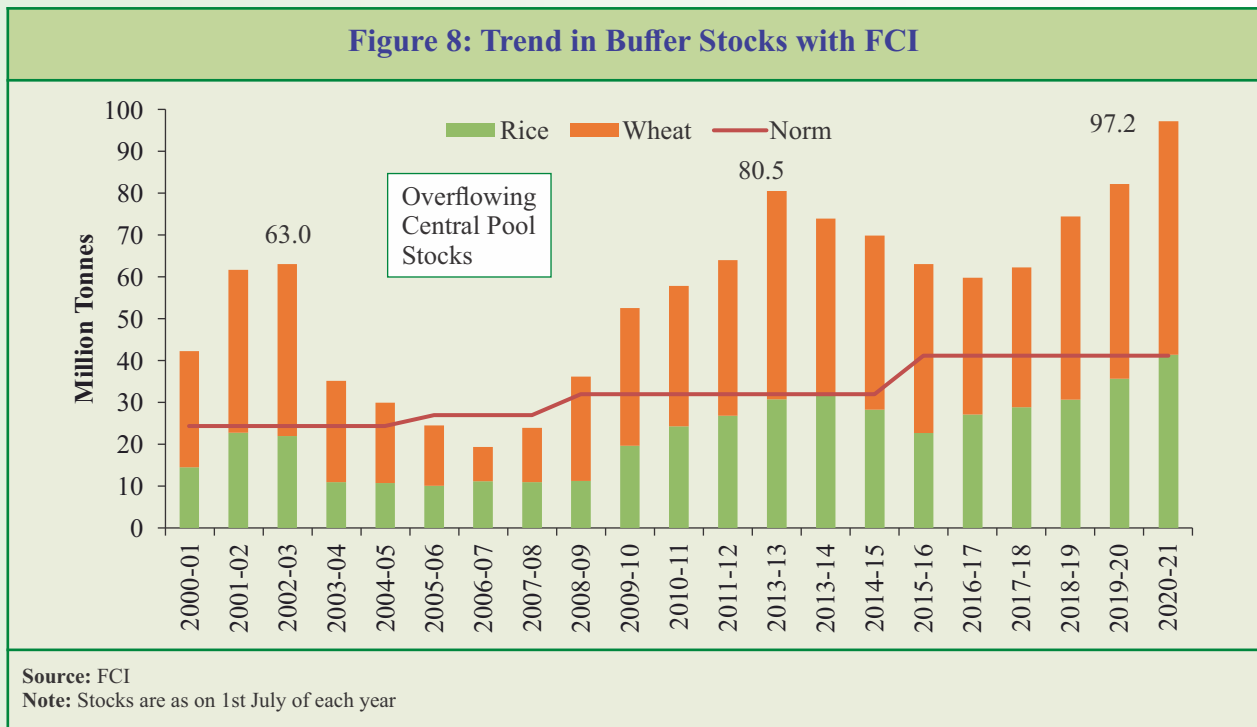
**Table 1: Evolution of the Agricultural Policies in India**

Phase	Status and Approach
Phase I: Pre-Green Revolution Period (1950-65)	<p><i>Status:</i> Deficit in food production.</p> <p><i>Motive:</i> 'Grow more Food' Campaign and Improved food security.</p> <p><i>Approach:</i> Marketing system designed to handle deficit, regulate trade and manage food security. APMC Acts and ECA Act, 1955.</p>
Phase II: Green Revolution Period (1965-80)	<p><i>Status:</i> Self Sufficiency in Food grains, ushering in 'Green Revolution' (Wheat and Rice) and 'Operation Flood' (Milk Sector).</p> <p><i>Motive:</i> Ensure Food Security.</p> <p><i>Approach:</i> Usage of technology and High Yielding Varieties (HYVs) to boost production and distribution through procurement. Number of important institutions set up (FCI, APC (now redesignated as CACP), CWC and State Agriculture Universities).</p>
Phase III: Post-Green Revolution Period (1980-91)	<p><i>Status:</i> Diversification towards high value commodities.</p> <p><i>Motive:</i> Enhance value of output.</p> <p><i>Approach:</i> Focus on commercial horticulture, setting up of National Horticulture Board (NHB).</p>
Phase IV: Economic Reforms Period (1991-2015)	<p><i>Status:</i> Approaching surplus.</p> <p><i>Motive:</i> Improving the functioning of markets and greater international market access for exports and imports.</p> <p><i>Approach:</i> Signing of Agreement of Agriculture of WTO; Rapid growth of poultry and milk production; Initiation of consultations on Market reforms -Report of Committee on Strengthening and Developing of Agricultural Marketing' under the Chairmanship of Shri Shankerlal Guru submitted on 29.06.2001, Model APMC Act 2003 to increase private sector participation in marketing and processing; Model APMC Rules, 2007. Some States adopted the Model Act.</p>
Phase V: 'One nation, One market' (2015 onwards)	<p><i>Status:</i> Food Secure but problem of plenty emerges especially in cereals.</p> <p><i>Motive:</i> Enhance Farmer Incomes with freedom to access markets.</p> <p><i>Approach:</i> Towards a National unified market Electronic National Agricultural Market (e-NAM), the Model Agricultural Produce and Livestock Marketing (Promotion &amp; Facilitation) Act, 2017 (APLM) allowing for operation of alternate markets and unified national markets; GST roll out, streamline inter-state trade.</p>

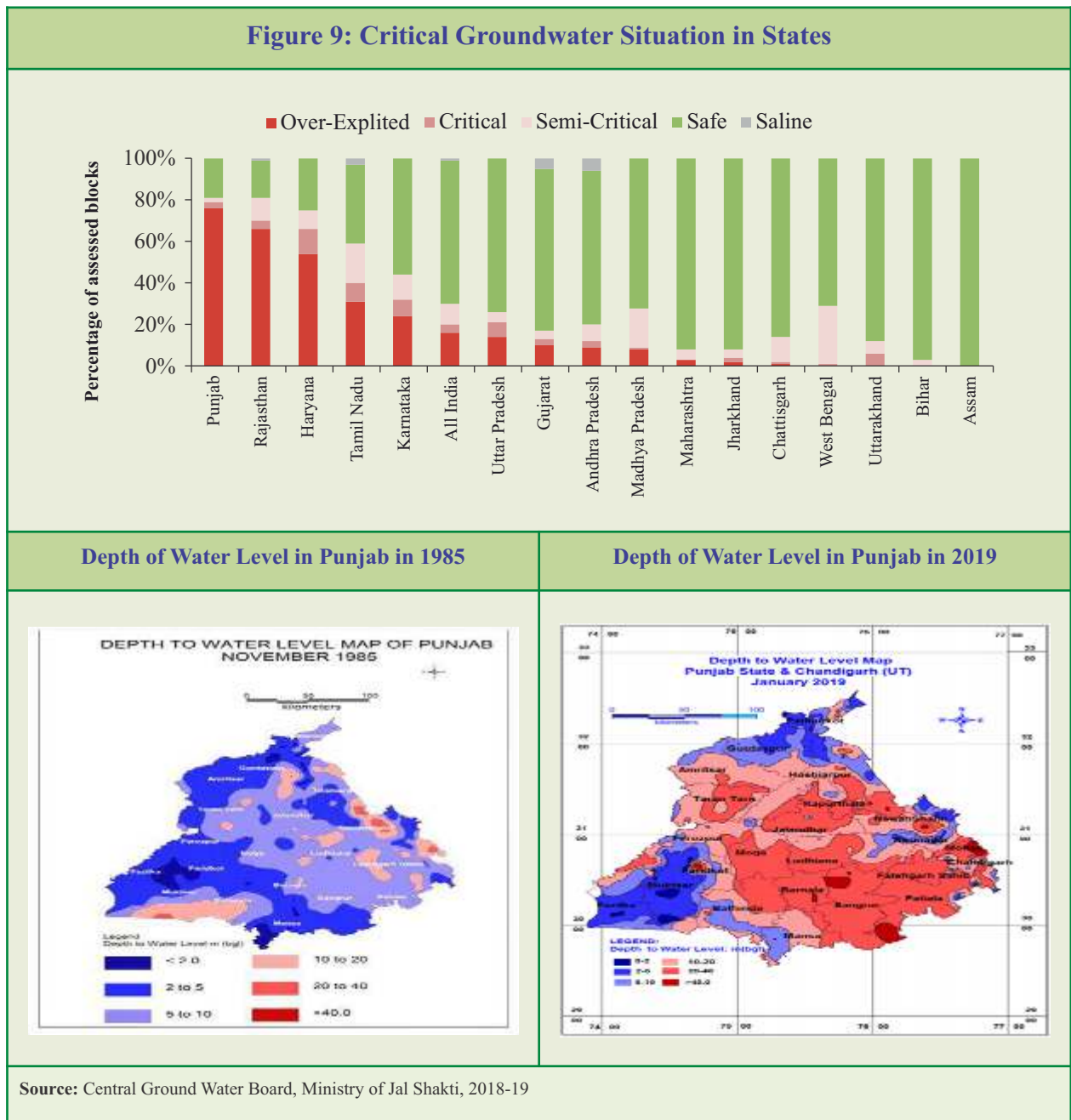
Source: Adapted from Report of Committee on Doubling Farmers' Income, 2018

32. In an era of huge scarcity of staples and living in a 'ship-to-mouth' situation importing 10 million tonnes of wheat in 1965 through PL-480, Government sought to achieve food security by incentivizing production through high-yielding varieties. Food Corporation of India (FCI) and Agricultural Prices Commission (APC) were created in January, 1965 to provide assured pricing via Minimum Support Prices (MSP) and open-ended procurement. These policies were very successful in boosting output of wheat and rice wherein India became self-sufficient by 1980s. However, as surpluses of cereals emerged, the policies suitable for scarcities continued. MSPs were designed to be indicative prices for producers at the beginning of the sowing season and floor prices as an insurance mechanism for farmers from any fall in prices. However, the secular increasing trend in these prices have served to give a signal to farmers to opt for the crops which have an assured procurement system.
33. The resultant distortion in the composition of agricultural output is evident in the rising Central Pool stocks, that were 97.2 million tonnes on 1<sup>st</sup> July, 2020 as against the buffer stock norm of 41.1 million tonnes of rice & wheat (as on 1st July of each year) (Figure 8). This is expected to exceed 100 million tonnes on 1<sup>st</sup> July, 2021. **The excess Central pool stocks, as on 1<sup>st</sup> July, 2020, at the current economic costs, are valued at around Rs 1.89 lakh crore!** This is valuable amount locked up at a huge opportunity cost – compared to the recently announced Rs 1 lakh crore Agricultural Infrastructure Fund and Rs 500 crore Price stabilization fund. **The economic cost of FCI for acquiring, storing and distributing foodgrains is about 40 percent more than the procurement price – an addition of around Rs 1200 per quintal for rice and Rs 800 per quintal for wheat!**

**Figure 8: Trend in Buffer Stocks with FCI**



34. Excessive procurement beyond PDS requirements has not only led to wasteful locking of precious money but also led to various negative environmental externalities including depletion of the most precious water resources of the country in North Western part of India. This gets compounded by provision of free power for agriculture in some States. A recent assessment of the groundwater table in 6,584 units (blocks), across States in India by the Central Ground Water Board (CGWB) in 2017 revealed that Punjab and Haryana have the most over-exploited blocks – implying that the withdrawal of water is much more than the recharge (Figure 9). The policy of open-ended procurement, therefore, needs a revisit so that farmers in these States can diversify away from rice – a water guzzling crop.



35. Punjab had the highest returns over A2+FL cost for Paddy at 168 percent as compared to 41 percent at all-India level in TE 2017-18. For maize, the returns in Punjab are only 20 percent as compared to 36 percent at all-India level (Figure 10). This disparity in returns is preventing farmers in Punjab to shift to maize from paddy in the kharif season. Wheat is also a profitable crop for Punjab with returns at 185 percent as compared to 110 at all-India level as Punjab's productivity of wheat is high.

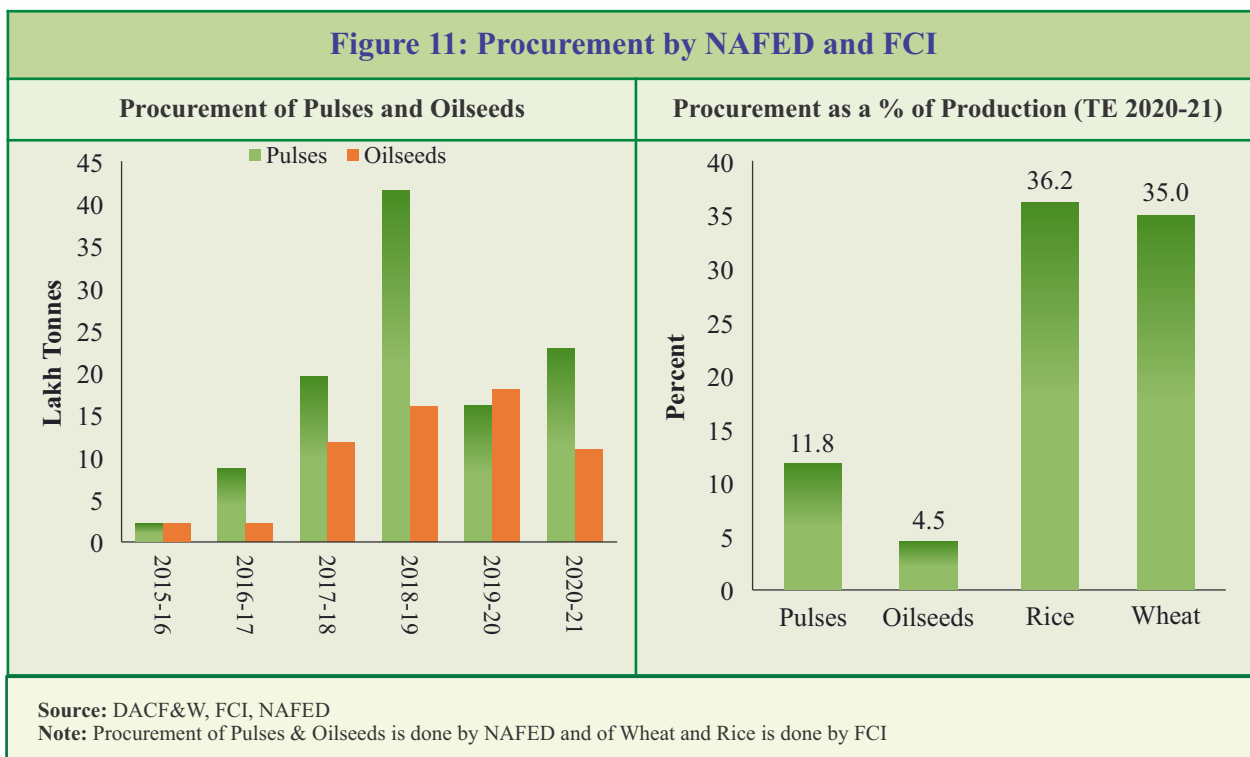
**Figure 10: Returns for Major Kharif and Rabi Crops for Punjab**



Source: CACP Reports

Note: Returns are for TE 2017-18 for Kharif Crops and for TE 2018-19 for Rabi Crops

36. There has been an increased procurement of pulses and oilseeds by NAFED since 2014-15 under the Price Support Scheme and Price Stabilization Fund Scheme. Under these Schemes, NAFED procures at the request of the States, with a cap of 25 percent of the production and exemption from payment of any *arhtiya* commissions/mandi fees/cess. NAFED undertakes its purchase operations at harvest time to lend support to prices and unloads through Open Market Operations (OMOs) in the lean season – which is the right approach to price stabilization and ensuring a remunerative price to farmers in the post-harvest months and keeping the consumer prices in check during the lean season. This procurement as a percent of production is around 11 percent for pulses and 5 percent for oilseeds as compared to more than one-third in wheat and rice in TE 2020-21 (and more than 90 percent in case of Punjab and Haryana) (Figure 11). This scale of intervention lends support to prices without crowding out private trade. The same system can be developed for procurement for wheat and rice by FCI. This has lessons for FCI how to handle rice and wheat procurement more efficiently.



37. As is evident that the policies designed for scarcity eras were focused on boosting production. However, as the country has transformed from a food scarce to food surplus, the policies need to integrate production with effective access to markets. The recent three Acts passed by the central Government are intended to align the agricultural policies with the structural requirements of the sector for enhanced access to agricultural markets and incentivize crop diversification. The Committee now examines, each Act in detail.

## PART 3

### THREE FARM LAWS: CONCERNS AND OBSERVATIONS

#### *I. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020*

##### Act in Brief

38. The Act provides an ecosystem where the farmers and traders enjoy the freedom of choice relating to sale and purchase of farmers' produce; to promote efficient, transparent and barrier-free inter-state and intra-state trade and commerce of farmers' produce outside the 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. It specifically provides for

- (i) Any farmer or trader or electronic trading and transaction platform shall have the freedom to carry on the inter-State or intra-State trade and commerce in farmers' produce in a trade area (Section 3);
- (ii) Trade area is defined as any area or location, place of production, collection and aggregation including--(a) farm gates; (b) factory premises; (c) warehouses; (d) silos; (e) cold storages; or (f) any other structures or places, from where trade of farmers' produce may be undertaken in the territory of India but does not include the premises, enclosures and structures covered under the State APMC Acts (Section 2(m));
- (iii) No market fee or cess or levy, by whatever name called, under any State APMC Act or any other State law, shall be levied on any farmer or trader or electronic trading and transaction platform for trade and commerce in scheduled farmers' produce in a trade area (Section 6);
- (iv) Any trader may engage in the inter-State trade or intra-State trade of scheduled farmers' produce with a farmer or another trader in a trade area: provided that no trader, except the farmer producer organisations or agricultural co-operative society, shall trade in any scheduled farmers' produce unless such a trader has a permanent account number allotted under the Income-tax Act, 1961 or such other document as may be notified by the Central Government (Section 4(1));
- (v) Every trader who transacts with farmers shall make payment for the traded scheduled farmers' produce on the same day or within the maximum three working days if procedurally so required subject to the condition that the receipt of delivery mentioning the due payment amount shall be given to the farmer on the same day (Section 4(3));
- (vi) It lays a three stage Dispute Settlement process of Conciliation Board, concerned Sub-Divisional Magistrate, Collector or Additional Collector nominated by the Collector and lays down fines as penalties (Chapter III).

### **Purpose of the Act**

39. As is evident from Table 1, the attempt to redesign policies towards developing effective markets was an ongoing process. In continuation of the policy reforms towards enhancing farmer incomes by deregulating access to markets, the Model Agricultural Produce and Livestock Marketing (Promotion & Facilitation) (APLM) Act, 2017 was shared with all States and UTs. This Model Act intended to provide freedom of choice of sale and purchase of agricultural produce, as against the erstwhile setup in which farmers could only sell to licensed traders in the APMC mandis. It aimed at fostering more competition among potential buyers, reduce scope for middlemen and cartelisation, reduce the transaction costs in sale of agri-produce thereby increasing the share of farmer's realisation in overall price of the agri-produce. Many States have already initiated various aspects of marketing reforms in alignment with this Model Act but the adoption has not been uniform across the States. In total, 103 private mandis have already come up in the country with Maharashtra (60), Gujarat (28), Rajasthan (10), Telangana (3) and Karnataka (2). Some States that do not have private mandis have given special incentives to food processors/private traders to buy outside APMC mandi without paying any mandi charges (Box IV). States/UTs of Bihar, Kerala, Manipur, Mizoram, Sikkim, A&N Islands, Daman & Diu and D&N Haveli, Lakshadweep and Ladakh do not have APMC Acts.

#### **Box IV: Exemption from APMC Provisions**

The present Industrial and Business Development Policy, 2017 of Punjab (notified in 2017) recognises that agriculture, has limited potential to drive future economic growth of the State and it is the secondary and tertiary sectors, which will play an important role in future economic growth of the State and creation of jobs for its youth. Given the strong agricultural base of the State, it incentivizes setting up food processing Units and exempts the purchase of raw material for food processing units up to 10 years for all categories of units from Market Fee, Rural Development Fee and other State taxes and fees on raw material for food processing industries (clause 10.10.3). This implies that food processing units are exempt from APMC provisions.

Subsequent to this policy, ITC set up a new integrated food manufacturing and logistics facility at Kapurthala over 72 acres of land with an initial investment of Rs 1,500 crore. More of such projects would facilitate the transition of the farming community from the traditional wheat-rice crop cycle to more lucrative crops. This will not only save the underground water resources but also create jobs in the food processing sector and help boost farmer incomes.

40. The country faced an unprecedented and most stringent lockdown owing to the COVID-19 pandemic during the months of April-May, 2020. To facilitate sale and purchase of farm produce, States and UTs were requested by the Central Government to facilitate direct marketing for farmers/group of farmers, FPOs and Cooperatives outside the APMC areas. 12 States (Uttar Pradesh, Himachal Pradesh, Goa, Tripura, Nagaland, Meghalaya, Uttarakhand, Karnataka, Tamil Nadu, Odisha, Gujarat & MP) issued Ordinances in their State APMC Act in line with Model APLM Act, 2017 to facilitate such a mechanism. Six States (State of Goa, Tripura, Meghalaya, Tamil Nadu, Uttar Pradesh and Uttarakhand), through the Ordinance/Bill route, deregulated marketing of fruits & vegetables (direct marketing for F&V) taking the total number of States doing so to 23 across India. The country did not face any disruption of supply chains in foodstuffs and achieved record procurement of wheat during the lockdown. This experience could be one of the reasons that may have encouraged the Central Government to issue ordinances in favour of direct markets outside the APMCs.

#### ***Concerns received through feedback process***

41. Some qualitative concerns that emerged out of feedback received through the three pillars as discussed in Part I were:
- (i) Agriculture is a State Subject and the Central Acts would override State APMC Acts.
  - (ii) The due process of consultations was not followed by the Government.
  - (iii) APMCs have emerged as the sole marketing outlet for farmers. The Act undermines these mandis and farmers would be left open to exploitation to non-mandi players.
  - (iv) With the decline of APMCs, the procurement at MSP would be phased out.

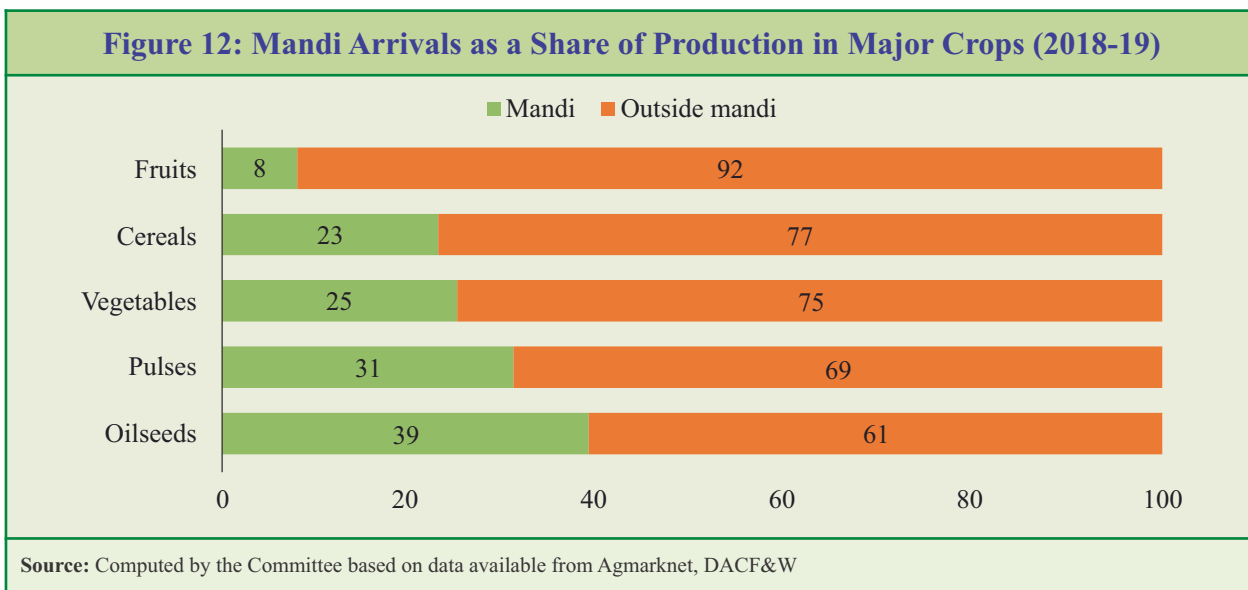
- (v) The APMC prices serve as a reference price for price discovery for one's produce. If APMCs are veining in importance, then it is difficult for a farmer to have a benchmark price for any other place to sell to.
- (vi) Various States raised the concern that mandi revenues will be affected due to lower mandi transactions in APMCs.
- (vii) PAN Number as an identity for a trader may not be sufficient. The Act doesn't safeguard farmer payments. The commission agents under APMC are verified and payment is secured.

### ***Observations of the Committee***

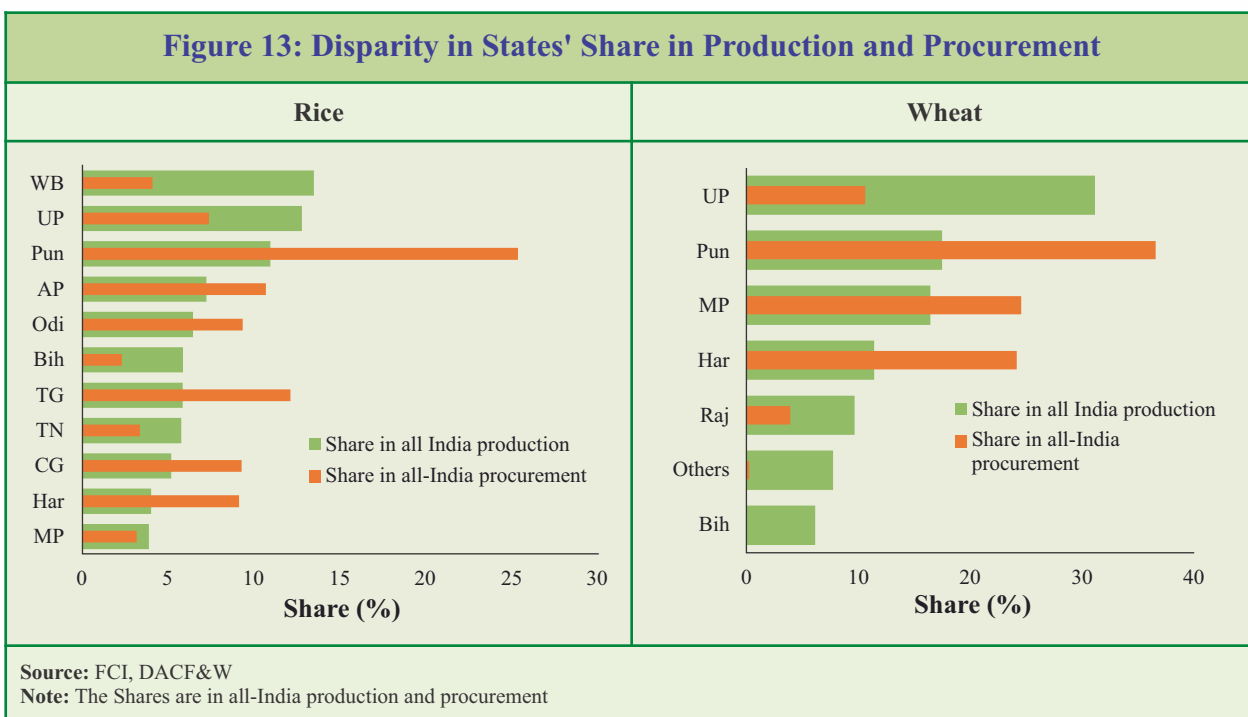
42. The Committee, after careful analysis of the concerns, makes the following observations:

- (i) The aim of the Central Act is to provide greater freedom to farmers towards a 'one-nation, one market'. The need for this was realized during the Covid-19 situation and the experience during that time encouraged the issue of ordinances. State APMC Acts will continue to govern the APMCs/regulated markets under that Act. The Central Acts would provide alternative marketing channels to farmers. It is, however, recognized that every State has its own unique features which demand certain flexibilities in implementation.
- (ii) The consultative process towards marketing reforms was already under process during the last two decades. Even during the lockdown period, the Committee was informed that the Department of Agriculture, Cooperation and Farmers' Welfare (DAC&FW) was in continuous dialogue with the stakeholders. The ordinances were in public domain and discussions were held for any modifications/suggestions in the subsequent Acts.
- (iii) Livestock and fishery form 40 percent of the GVO in agriculture (Figure 5) - these sectors are outside the purview of transaction through APMC mandis or procurement support via the MSP. Further, horticulture constitutes another 20 percent share in GVO in agriculture - this sector is outside the procurement support through MSP. These sectors are also growing much faster than other crops. An analysis from data available from AGMARKNET evinced that only 8 percent of total fruits production arrived at APMC mandis while one-fourth of vegetable production was transacted through APMC mandis in 2018-19. Even for commodities that come under the purview of MSP, only around 25-30 percent of the production is transacted through the APMCs/regulated mandis - 23 percent for cereals, 31 percent for pulses and 39 percent for oilseeds (Figure 12). **Most of the agri-produce is, therefore, transacted outside the purview of the mandi system and there are no records of who it is transacted with and at what price. Overall procurement at of wheat and rice, pulses and oilseeds and cotton does not constitute more than 10 percent of the total value of agri-produce.**



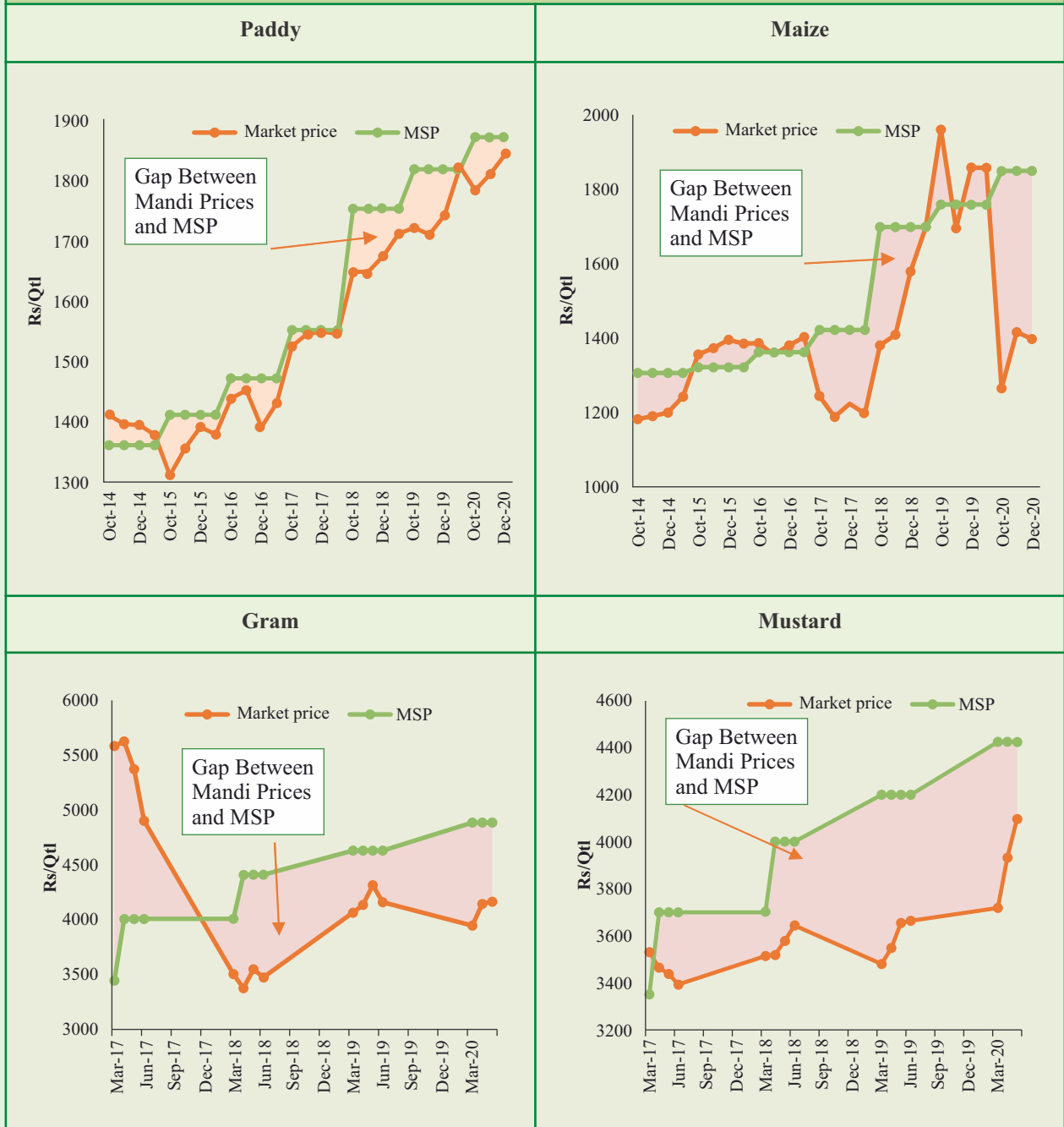


(iv) There is a well-established system of procurement of wheat and rice under the MSP. Around 90 percent of rice production and 70 percent of wheat production is procured in Punjab and Haryana through the APMCs - still the total national arrivals in APMCs are only one-fifth of the total production in India. The share of Punjab and Haryana in all-India procurement is much higher than their share in all-India production (Figure 13). **This indicates that in other States, for rice and wheat too, most of the production is sold through non-mandi transactions and there is no information at what price it is transacted.**



- (v) Further, data shows that sales in mandis do not imply that all the farmers necessarily receive the MSP for all crops. At all-India level, the prevailing weighted average prices in many crops the mandis were, sometimes, below MSP as is evident from Figure 14.

**Figure 14: Mandi Transactions are not always at MSP**



**Source:** CACP Reports, AGMARKNET  
**Note:** Market prices are weighted average prices across all States

- (vi) Given that a majority of transactions of agri-produce are already happening outside the APMC mandis, the perception that APMC price leads to efficient price discovery is overstated. Various mechanisms for price discovery are already in practice – the need is to aggregate this information and make it transparent and easily available to farmers. That would strengthen farmers' bargaining power in the market to negotiate a better price– be it in APMC or outside APMC.
- (vii) It may be noted that some States charge very high mandi fees and commission charges, especially on rice and wheat (Table 2). More importantly, these mandi fees are transaction based which creates an incentive to under-report transactions. The need is to create a level playing field for APMCs and 'trade area' as defined in the Act so that competitive markets for agri-produce develop.

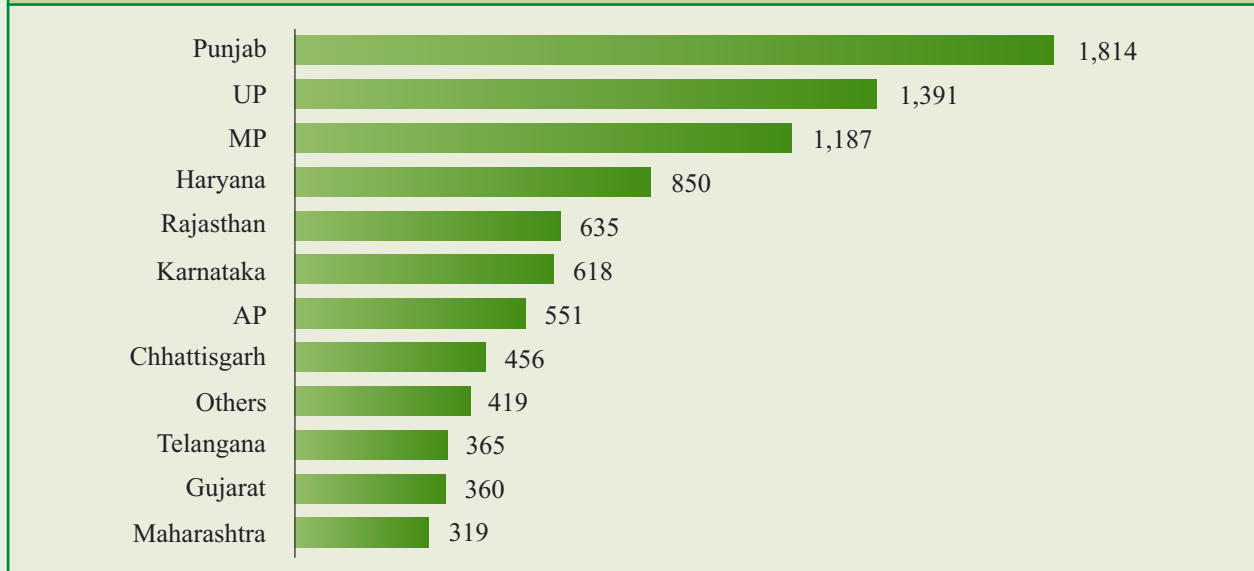
**Table 2: High Mandi Charges in APMCs increase transaction costs**

States	Mandi Charges Rice (%)	Mandi Charges on Wheat (%)	Rate of Commission on charges (%)
Andhra Pradesh	1.00		
Assam	1.00		
Chandigarh	4.50		
Chhattisgarh	2.20		Max. Rs.20 per qtl or 1% of total value whichever is less
Haryana	4.0	2.0	2.5% on all grains, 5% on F&V
Himachal Pradesh	1.00		
Karnataka			3.50
Kerala	0.07		
Madhya Pradesh	2.20	2.0	0.2% on cereal, Only in F&V market-1.5%
Maharashtra	1.05		0.75% to 8%
Odisha	2.00		
Punjab	6.0	6.0	Cereal-2.5%, F&V- 4.5%
Telangana	1.00		2% non-perishables, 4% perishables
Uttar Pradesh	2.0	2.0	0.5% at grains
Uttaranchal	2.50		F&V - 3%, Other Commodity-1.5%
West Bengal	0.50		
Gujarat			up to 2%
Rajasthan		1.6	Wheat - 2%, Jowar, Bajra, Isabgol, Cumin-1%, F & V 6%

Source: DACF&W, CACP Reports

(viii) In the year 2019-20, the total mandi revenues from mandi fees was around Rs 9,000 crore. Many States like Punjab, Haryana, UP, MP, Andhra Pradesh, Chhattisgarh etc., get a substantial amount of revenue from mandi transactions (Figure 15). The perception is that, if transactions start moving out of APMC markets as a result of these new Laws, many State APMC markets may lose revenue which, in turn, may impact their operation and maintenance.

**Figure 15: Mandi Revenues of Major States in 2019-20 (in Rs crore)**



Source: DACF&W

(ix) The Act attempts to provide security of payment to farmers via Section (3) that lays down – “Every trader who transacts with farmers shall make payment for the traded scheduled farmers' produce on the same day or within the maximum three working days if procedurally so required subject to the condition that the receipt of delivery mentioning the due payment amount shall be given to the farmer on the same day:

*Provided that the Central Government may prescribe a different procedure of payment by farmer produce organization or agriculture co-operative society, by whatever name called, linked with the receipt of payment from the buyers.”*

However, there are concerns of delay in payments or renegeing on payment dues by traders. This is a genuine concern and Committee has deliberated on it.

(x) The Committee noted that the proviso to Section 4(1) provides for a list of documents, in addition to PAN, to be notified by the Central Government.

## II. Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

### *Act in Brief*

43. This Act provides for a national framework on farming agreements between farmers and other stakeholders such as 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. It specifically provides for
- (i) *A written farming agreement in respect of any farming produce with— (a) the terms and conditions for supply of such produce, including the time of supply, quality, grade, standards, price and such other matters; and (b) the terms related to supply of farm services (Section 3(1));*
  - (ii) *The minimum period of the farming agreement shall be for one crop season or one production cycle of livestock and the maximum period shall be five years (Section 1(3));*
  - (iii) *The price to be paid for the purchase of a farming produce may be determined and mentioned in the farming agreement itself, and in case, such price is subject to variation, then, such agreement shall explicitly provide for— (a) a guaranteed price to be paid for such produce; (b) a clear price reference for any additional amount over and above the guaranteed price, including bonus or premium, to ensure best value to the farmer and such price reference may be linked to the prevailing prices in specified APMC yard or electronic trading and transaction platform or any other suitable benchmark prices (Section 5);*
  - (iv) *No farming agreement shall be entered into for the purpose of—(a) any transfer, including sale, lease and mortgage of the land or premises of the farmer; or (b) raising any permanent structure or making any modification on the land or premises of the farmer; unless the Sponsor agrees to remove such structure or restore the land to its original condition, at his cost, on the conclusion of the agreement or expiry of the agreement period, as the case may be (Section 8);*
  - (v) *A State Government may notify a Registration Authority to provide for electronic registry for that State that provides facilitative framework for registration of farming agreements (Section 12);*
  - (vi) *Three stage Dispute Settlement process of Conciliation Board, concerned Sub-Divisional Magistrate, Collector or Additional Collector nominated by the Collector (Chapter III);*
  - (vii) *No action for recovery of any amount due in pursuance of an order passed under that section, shall be initiated against the agricultural land of the farmer (Section 15).*

### *Purpose of the Act*

44. In line with providing enhanced markets for agri-produce, the Model Agriculture Produce Marketing Committee (APMC) Act, 2003, suggested that States promote contract farming. Under the Model APMC Act, 2003, the APMCs were given the responsibility to record the contracts and were also mandated to resolve the disputes in such contracts. However, market fee and other levies/charges were payable to APMCs. Union Budget, 2017-18 announced preparation of a “Model Contract Farming Act” and circulation of the same to the States for its adoption. The Model Act “The ...State/UT Agricultural Produce and Livestock Contract Farming and Services (Promotion & Facilitation) Act 2018” was, accordingly, shared with States and UTs.

45. A total of 19 States provide contract farming provision in their APMC Acts while Punjab and Tamil Nadu have legislated a separate Contract Farming Act in 2013 and 2019 respectively. Out of these, 14 States have notified the Rules to actualize the contract farming on the ground level and States of Maharashtra, Haryana, Punjab, Karnataka, Gujarat, M.P and Chhattisgarh have registered companies/ firms for undertaking contract farming in their States. The provisions under these Acts of State Governments of Punjab, Goa, Himachal Pradesh, Mizoram, Nagaland and Sikkim provide for punitive provision (imprisonment) to both the contracting parties, including the farmer, on default.
46. With a view to provide a national framework for contract farming by bringing uniformity in provisions of contract farming under state regulation, the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 has been enacted by the Central Government.

***Concerns received through feedback process***

47. Some concerns that were broadly raised during the feedback received by the Committee were
- (i) No precedent exists for such a farming agreement.
  - (ii) There is a perception that land of a farmer can be hypothecated against the agreement and farmers will lose their land.
  - (iii) Access to civil courts has been denied.
  - (iv) The Act lays down an unequal playing field between farmers on one side and big traders and agribusinesses on the other side – as the small and marginal farmers would be ill-equipped to negotiate equitable terms of engagement. The cropping patterns, quality and prices would be determined by the dominant agri-business firms.
  - (v) There are apprehensions on the part of farmers to enter into contracts as they are not organized and are ill equipped for any legal battle with corporates. Currently, the parties are registered with APMCs and disputes are resolved therein.
  - (vi) No minimum price has been laid out in the Act – the price would be determined by mutual negotiations between the farmer and the sponsor wherein the sponsor may dominate.
  - (vii) In case of contingencies such as crop failure or a steep drop in market prices, the entire loss is borne by the farmers.

***Observations by the Committee***

48. The Committee carefully analyzed the issues and makes the following observations.
- (i) All States except Arunachal Pradesh, Meghalaya, Uttar Pradesh, West Bengal, Delhi, Chandigarh and Puducherry have legal provisions for contract farming in their APMC Acts. Punjab and Tamil Nadu have separate contract farming Acts.
  - (ii) Contract farming is not new in India and various variants exist in several sectors (Box V). The vertical integration of poultry operations and contract farming model between large integrators and small farmers, has transformed the poultry sector from a mere backyard activity into a major organized commercial one with almost 80 percent production coming from organized commercial farms.

### Box V: Some Variants of Contract Farming Already in Existence

- *Mother Dairy Fruits and Vegetables Limited (MDFVL)* procures fresh fruit and vegetables from about 300 producer associations that include more than 18,000 farmers. Most producer associations are informal cooperatives or self-help groups managed by the producers themselves and connected with MDFVL.
- A 300-acre model farm (the FieldFresh Agriculture Center of Excellence) in Ladhawal, Punjab near Ludhiana has facilities to promote modern farming practices and provide demonstration sessions to farmers, as well as advanced pack house. The farms were leased out by Government of Punjab to FieldFresh Foods in 2004 on a 90-year lease. Field Fresh Limited (FFL) marketing operations are directed to the export market for fresh produce, such as bitter gourd, okra, baby corn, bell peppers, french beans, and snow peas. FFL also links with farmers through production contracts and by encouraging state-of-the-art cultivation and handling practices. This is way beyond what the current Laws envisage as this is a case of leasing of land while the current Act allows an agreement only for farm produce.
- *Sahyadri Farmer Producer Company Limited (SFPCL)*: Established in 2010 with a primary focus on grapes, the company today boasts operations in 40 fresh and processed F&V products sold in 42 countries with a turnover of Rs. 465 crores. SFPCL manufactures ketchups for the Kissan brand of HUL and has a “soft contractual arrangement” for procurement of tomatoes with 4 FPCs. To the extent that SFPCL always buys processing grade tomatoes at Re.1 premium over the APMC prices, the farmer gets the benefit of the contract. The contract also increases the yield of the tomato farmer under treatment and allows him to access inputs at a lower cost. Further, the minimum price guaranteed by the contract shields the farmer from very low prices during the glut season.
- Poultry till 2000 was broadly operated in open system (all operations like purchase, sales and managing the farm was carried out by single player leading to the farmers bearing the risk of uncertainty related to market vagaries. From year 2001 onwards contract farming/integration system developed firms provide day-old chicks, feed, vaccines and services to farmers at no cost to them and lift entire output by paying fixed growing charges (per kilogram of body weight of bird) in lieu of their contribution to cost (labor, water and electricity charges, litter and rent for poultry shed and equipment). The live birds are then either purchased by the integrators for slaughter and further processing or by a wholesaler who distributes them via live markets. Farmers are thus insured against market risks and working capital uncertainties. In addition, the integrator brings good manufacturing practices and technical know-how which leads to higher productivity. Almost 90 percent of the Indian poultry farming is dominated by small & marginal farmers who benefited with the contract farming model & Indian poultry could expand at 7-9 percent annually. More than 80 percent of India's poultry output is now produced by organized commercial farms. The popularity of this model is influenced by the fact that the integrator takes most of the risks as opposed to an independent farmer.

**Source:** Respective Websites, inputs from Venkateshwara Hatcheries

- (iii) Chapter III in the Act deals with the dispute settlement procedure with clear laid down timelines. The first stage is a Conciliation Board consisting of representatives of parties to the agreement. If the parties to the farming agreement fail to settle their dispute under that section within a period of thirty days, then, any such party may approach the concerned Sub-Divisional Magistrate who shall be the Sub-Divisional Authority for deciding the disputes under farming agreements. The Sub-Divisional Authority may, decide the dispute in a summary manner within thirty days from the date of receipt of such dispute. Any party aggrieved by the order of the Sub-Divisional Authority may prefer an appeal to the Appellate Authority, which shall be presided over by the Collector or Additional Collector nominated by the Collector, within thirty days from the date of such order. *However, there are concerns that the revenue authorities may not give due attention to the fair resolution of the disputes due to lack of time and other priorities.*
- (iv) Irrespective of the output and whatever the nature of agreement or dispute, the law prohibits sponsors (companies, processors, wholesalers) from acquiring ownership rights, lease of farmers' land or making permanent modifications on farmer's land or premises (Chapter II, Section 8), thereby protecting the farmer's land. Section 15, further, provides that no action for recovery of any amount due in pursuance of an order passed under that section, shall be initiated against the agricultural land of the farmer.
- (v) The Act has certain safeguards for the farmers wherein it is laid down in Section 14(2)(b)(I) *where the Sponsor fails to make payment of the amount due to the farmer, such penalty may extend to one and half times the amount due; (ii) where the order is against the farmer for recovery of the amount due to the Sponsor on account of any advance payment or cost of inputs, as per terms of farming agreement, such amount shall not exceed the actual cost incurred by the Sponsor; (iii) where the farming agreement in dispute is in contravention of the provisions of this Act, or default by the farmer is due to force majeure, then, no order for recovery of amount shall be passed against the farmer.* There is no fine on the farmers as is currently laid down in many State Acts. However, Contract farming arrangements are often perceived as being biased in favor of firms or large farmers, while exploiting the poor bargaining power of small farmers.
- (vi) Section 12 of the Act provides for that *"A State Government may notify a Registration Authority to provide for electronic registry for that State that provides facilitative framework for registration of farming agreements. (2) The constitution, composition, powers and functions of the Registration Authority and the procedure for registration shall be such as may be prescribed by the State Government."* Thus, the Act provides for registration of the contracts which will enable regulation of both the parties to the agreement.
- (vii) The Act provides for clear determination of a guaranteed price and a bonus or a premium linked to a clear price reference - which should be laid down clearly in the farming agreement.
- (viii) It is important to conceive agriculture as a complete agri-food system that incorporates farming, logistics, wholesaling, warehousing, processing and retailing. In this framework, contract farming can be perceived as an institutional arrangement that can facilitate firm-farm linkages - with adequate safeguards. Development of backward linkages could be instrumental in providing the farmers much more than assured markets and fair prices, but also support in the form of risk mitigation, access to information on cultivation, technology, markets, and access to credit and other inputs. The dairy sector in India is a classic example of how clustering of small milk producers through cooperatives brought about a revolution through "Operation Flood".
- (ix) To make contract farming politically acceptable and socially desirable, it is important to adopt innovative approaches while framing contracts. This would help growers' associations, self-help



groups, FPOs etc., to participate in contract farming more fruitfully and to reduce their transaction costs.

- (x) However, it may be noted that no contract can be perfect. A contractual relationship needs to be evolved between the contracting parties based on mutual trust over medium to long term. There would be multiple models of such a relationship - some may fail, and many others may succeed. *The Act is a step in the right direction and facilitates optimal division of market risks.*

### III. ESSENTIAL COMMODITIES (AMENDMENT) ACT, 2020

#### *Act in Brief*

49. The Amendment Act inserts a Section 3(1A), in the Essential Commodities Act (ECA), 1955. It provides for

- (i) *Regulation of supply of such food stuffs including cereals, pulses, potato, onions, edible oil seeds and oils only under extra ordinary circumstances such as war, famine, extra ordinary price rise, and natural calamity of grave nature (Section 2(1A)(a));*
- (ii) *Any action on imposing stock limits on any agricultural produce to be based on price rise - triggered at 100 percent increase in retail price for horticulture products or 50 percent increase in retail price in case of non-perishable agri products; over the price prevailing immediately preceding 12 months, or average retail price of last five years, whichever is lower (Section 2(1A)(b));*
- (iii) *Stock limit order under the Act would not apply to processor and value chain participants of agricultural product subject to ceiling of installed processing capacity in case of processor or export demand in case of exporter (Proviso to Section 2);*
- (iv) *Not applicable to orders relating to Public Distribution System (PDS) or Targeted Public Distribution System (TPDS) (Proviso to Section 2).*

#### *Purpose of the Amendment Act*

50. Essential Commodities Act (ECA), 1955 was enacted under Entry 33 of Concurrent List of the Constitution to control the production, supply and distribution of, and trade and commerce in, certain goods considered as essential commodities. This was in continuation of Essential Supplies (Temporary Powers) Act 1946 enacted against the background of scarcity and shortages in the immediate post Second World War period and the Bengal Famine of 1943.
51. The ECA Act, 1955 empowers the central government to control the production, supply, distribution, trade, and commerce of any commodity deemed "essential". The underlying objective of the ECA Act had been to prevent hoarding and black marketing of "essential" commodities and, thereby, to secure the affordability and equitable distribution of these commodities to the population at large.
52. The threat of frequent and unpredictable imposition of stock limits under the Act, however, acts as a disincentive to large-scale investments in warehousing, storage, processing and distribution facilities. By restricting inter-state and intra-state movements, the Act also inhibits creation of a national competitive agricultural market of agri-products that smoothens the price fluctuations. As India attained self-sufficiency in most agri-food commodities, various reforms were, therefore, undertaken in the ECA Act (Table 3).

**Table 3: Reforms undertaken in the ECA**

Period	Reforms
1989-2006	List of essential commodities brought down from 70 to 16
2002-2003	Allowed dealers to freely acquire, use or consume any quantity of wheat, paddy, rice coarse grains, sugar, edible oilseeds and oils without requiring permit or licenses.
2006	All essential commodities removed from EC Act and brought into Schedule. Number of essential commodities reduced from 16 to 7.
2016	Permitted wholesaler or retailer or producer or manufacturer or importer or exporter to freely buy, stock, sell, transport, distribute, dispose, acquire, use or consume agricultural food stuffs
2019	Stock Limits not to apply to the quantity purchased under contract farming and Stocks kept in warehouses accredited by commodity derivatives exchanges and registered with WDRA

53. The 2020 Amendment attempts to alleviate the fears of "excessive regulatory interference" in agri-trade by retaining the powers for regulation only under certain extraordinary circumstances. It lays down an objective criterion of price rise for imposition of stock limits. Removal of restrictive provisions on trade of agri-commodities would enable harnessing of economies of scale in agricultural sector and attract private sector/foreign direct investment in modernization of food supply chain. The effective participation of all stakeholders will integrate agricultural markets and drive the realization of remunerative prices for farmers, stable prices for consumers and value addition at all levels in the agricultural supply chain.

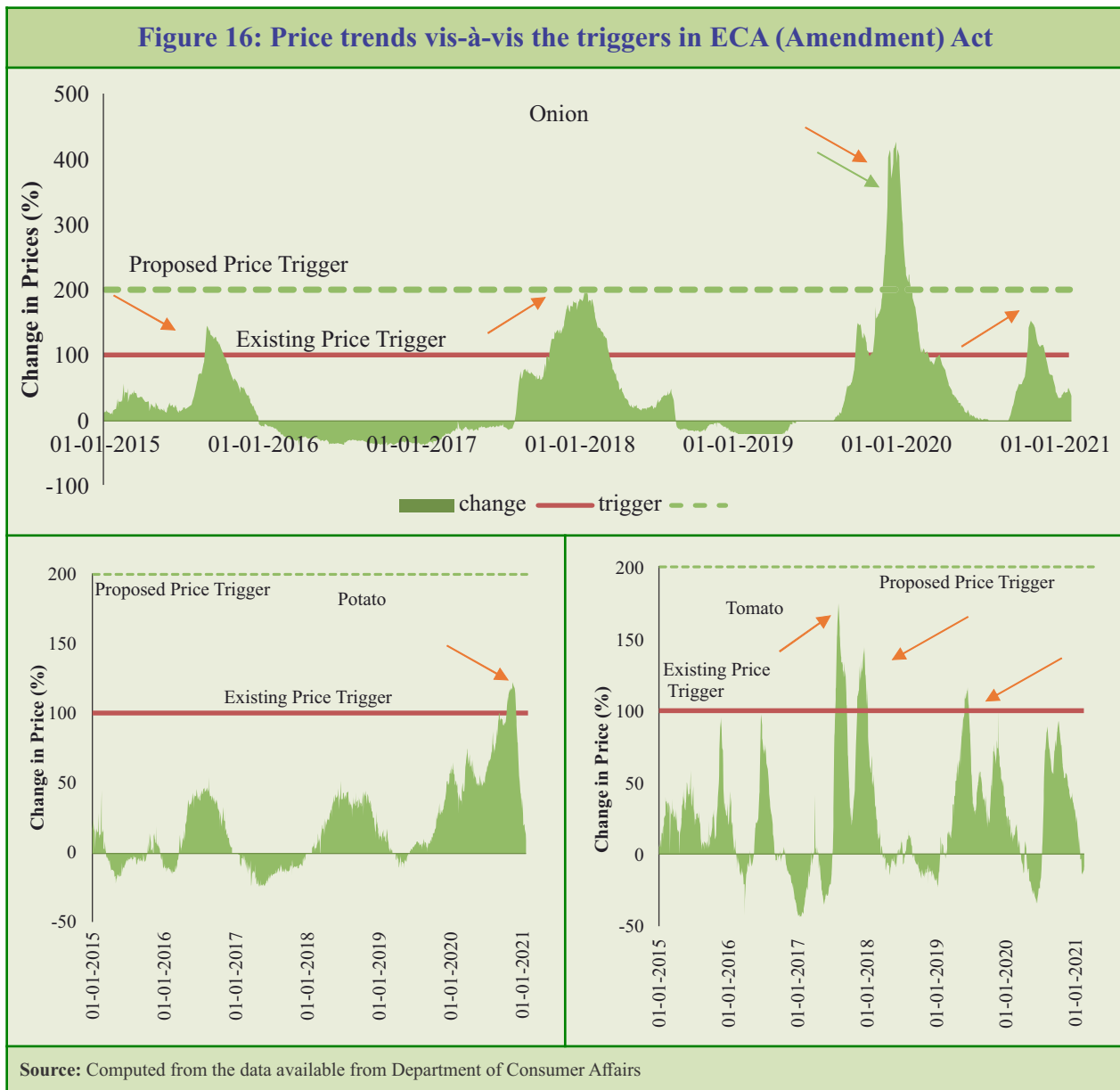
***Concerns/Perceptions raised, if any***

54. The concerns raised broadly were as follows
- (i) A large proportion of the feedback received was in favour of complete abolition of the Act to promote long-term investments in storage and warehousing.
  - (ii) Enable traders/corporates to purchase agri-commodities at lower prices, hoard and create of artificial shortages to raise prices.
  - (iii) It will lead to higher prices for consumers and higher food inflation.

***Observations of the Committee***

55. The Committee makes the following observations:
- (i) The Amendment attempts to balance the interests of all stakeholders – farmers, traders, food processors, exporters and consumers – to enable agri-produce to move up the value chain.

- (ii) Analysis of recent trends in prices of onion, tomato and potato show that the price triggers, as envisaged in the Act, have been touched 1-3 times in the last five years. (Figure 16). The existing price triggers of 100 percent for perishable and 50 percent for non-perishables do not entail an 'extraordinary price rise' as seen by the price trends in last five years. If the triggers for perishable commodities is increased beyond 100 percent to say 200 percent, the stock limits would have to be imposed only once in five years for onion and none in tomato and potato.



- (iii) Studies show that the share of farmers in consumers' rupee is as low as 26.6 per cent for potatoes, 29.1 per cent in the case of onions, and 32.4 per cent for tomatoes. With a price trigger of increase of 100 percent in a perishable commodity, the recovery of costs for the farmer, who stores for the off-season, is not possible. To increase the share of the farmer in one rupee of consumers expenditure, investments are needed for storage and warehousing infrastructure and marketing reforms are needed to reduce the intermediation costs.
- (iv) As agriculture is a seasonal activity, prices of perishable commodities are volatile - prices rise in the off-season and prices fall when fresh harvest arrives in the market. It is, therefore, essential to store produce for the off-season to ensure smoothened availability of a product at stable prices throughout the year.
- (v) The reference period for price rise is average retail prices for last five years -a period of five years may see major changes in the technology used and resultant production and price trends.
- (vi) The perceived risk of hoarding is not well-founded as fresh produce in most perishable commodities comes within a quarter. The need is to ensure smoothened availability of a product to consumers at stable prices throughout the year - especially in the off-season. This can be achieved only if proper storage and processing facilities are available.
- (vii) Investment in cold storage and post-harvest facilities by private sector without fear of undue and discretionary controls will mitigate the farmers' risk of price crash during bumper production. This becomes more important in case of perishable commodities where the price risk for farmers is high.
- (viii) The Amendment Act, 2020 inserts only an additional provision of regulating imposition of stock limits and does not repeal any other clause of the original ECA, 1955. Other provisions of the Act such as issuance of license/ permit {Section 3(2)(a)}, controlling the price at which the commodity can be sold {Section 3(2)(c)}, prohibiting the withholding from sale any essential commodity ordinarily kept for sale {Section 3(2)(e)}, directing any person holding in stock or engaged in production or in the business of buying or selling of any commodity to sell the whole or a specified part of the commodity held in stock at present or to be received in future {Section 3(2)(f)}, collecting information or statistics for regulating/prohibiting any of the activities {Section 3(2)(h)} etc., are still applicable and can be invoked for regulating agricultural trade as an when the situation demands. The provisions of Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 have not been amended.
- (ix) Stock limits were imposed in October, 2020 in case of price rise in onions - which signifies that the Act retains its regulatory powers. However, when the exports were also banned, it sent signals that consumers' interest overrides farmers' interest and there is an inherent bias towards consumers.
- (x) The anti-hoarding provisions of ECA discouraged open reporting of stock holdings, storage capacities, trading and carry forward positions. The amendment would, therefore, facilitate a true assessment of the storage and warehousing capacity in the country and attract investments to move up the value chain in agri-foodstuffs.

- (xi) Price Stabilization Fund (PSF) set up in 2014-15 provides for regulation of the price volatility of essential agricultural commodities. It also provides for maintaining a strategic buffer of such commodities for subsequent calibrated release of such stocks in the open market operations to moderate price volatility and discourage hoarding and unscrupulous speculation.

## PART 4

### RECOMMENDATIONS OF THE COMMITTEE

56. The four-pronged strategy that the Committee adopted during its deliberations makes it evident that a majority of the farmers and other stakeholders support the Farm Laws. The feedback received by the Committee, also, brought out diverse views and suggestions for modifications in the Acts. The analysis of the Committee recognizes that as the nation has undergone a successful transition from food deficit to food surplus, the policies need to adapt to the dynamic requirements of the agricultural sector to access best technologies and expanding markets. The farmers can get remunerative prices for their produce only if agricultural markets function efficiently and the farmers are enabled to move up in the value chain of storage/food processing/exports/retail. The Acts intend to develop competitive agricultural markets, reduce transaction costs, and increase the farmer's share in the realized price of an agri-produce. However, a careful analysis of the Acts brings forward the need for certain modifications and supportive supplementary steps that need to be taken by the Government.
57. The main recommendations of the Committee, keeping the interests of the farmer at the centre to realize a better return for his produce in a sustainable manner - both financially and environmentally - are as under:

#### VI. BROAD RECOMMENDATIONS

- (vii) The bilateral interactions of the Committee with the stakeholders demonstrated that only 13.3 percent of the stakeholders were not in favour of the three Farm Laws. Around 85.7 percent of the Farmer Organizations, representing more than 3.3 crore farmers, supported the Laws. The feedback received by the Committee through its online portal established that one-third of the respondents did not support the Farm Laws and around two-thirds of the respondents were in favour of the Farm Laws. The feedback received through e-mails also shows that a majority support the Farm Laws. *In view of this feedback, the Committee recommends that a repeal or a long suspension of these Farm Laws would, therefore, be unfair to this 'silent' majority who support the Farm Laws.*

*(Reference: Part I of the Report)*

- (viii) Given the diversities and state-specificities in a large country like India, these Farm Laws can serve as the overarching architecture for agricultural marketing. *States may, therefore, be allowed some*

*flexibility in implementation and design of the Laws, with the prior approval of the Centre, so that the basic spirit of these Laws for promoting effective competition in agricultural markets and creation of 'one nation, one market' is not violated.*

*(Reference: Para 8 and 42(I))*

- (ix) There is a perception that given the workload and priorities of the district revenue authorities, due attention and timely disposal may not be feasible. *Alternative mechanisms for Dispute settlement, via Civil courts or arbitration mechanism, may, therefore, be provided to the stakeholders.* The option of setting up 'Farmers Courts' at district level under the Commercial Courts Act, 2015 by the State Governments may be explored to provide an alternative mechanism for dispute settlement.

*(Reference: Para 8, 48(iii))*

- (x) Besides freeing the sector from constraining regulations which these Acts endeavour to do, *it is imperative that the Government takes urgent steps towards strengthening agricultural infrastructure, enabling aggregation, assaying and quality sorting of agri produce through cooperatives and Farmer Producer Organizations (FPOs) and closer interaction between farmers and warehouses/processors/exporters/retailers/bulk buyers.*

- (xi) *An Agriculture Marketing Council, under the chairpersonship of Union Minister of Agriculture, with all States and UTs as members may be formed on lines of the GST Council to reinforce cooperative efforts to monitor and streamline the implementation of these Acts.* The Council can review the performance of these Acts periodically, assess the flexibilities needed by States and deliberate on the mechanism to compensate the States on loss of mandi revenues, if any.

- (xii) The feedback received by the Committee manifested that many respondents were uncertain on some aspects of the Acts though they supported the overall Acts. *A large-scale communication exercise, therefore, needs to be taken up by the Government to alleviate the apprehensions, doubts and concerns of rest of stakeholders.*

*(Reference: Para 16)*

## **VII. RECOMMENDATIONS REGARDING FARMERS PRODUCE TRADE AND COMMERCE (PROMOTION AND FACILITATION) ACT, 2020**

58. The feedback received by the Committee shows that only 42.3 percent of farmer respondents sell their produce through APMC mandis. The analysis by the Committee also corroborates that the majority of the transactions in the agricultural sector take place outside the mandi system. Horticulture, livestock and fishery, currently, form 60 percent of the gross value of the Agricultural Output - these sectors are mostly outside the purview of transaction through mandis or procurement support via the Minimum Support Price (MSP). Even within the commodities covered under the MSP, only around 25-30 percent of the production is transacted through the APMCs/regulated mandis. More importantly, transactions in mandis do not necessarily imply that all the transactions are at the MSP.

*(Reference: para 42(iii)-(iv))*

59. The Committee, therefore, recognises that this Act tries to formalise these 'majority' transactions outside the APMC and facilitate creation of an ecosystem for more comprehensive and competitive markets and trade. It, accordingly, makes the following recommendations:

- (ix) It is recognised that, even with the limited transactions within the mandis, the price prevailing in APMCs acts as a reference price for some commodities. The Acts could, further, reduce the transactions in APMCs with alternative channels emerging. This could lead to 'information asymmetry' between farmers and traders due to lack of credible information on prevailing prices and expected remunerative prices. Chapter II, Section 7 of the Act recognises this and provides for development of a Price Information and Market Intelligence System for farmers' produce by a Central Organisation and a framework for dissemination of information. *The Committee recommends that the development of such a Price Information and Market Intelligence System needs to be expedited. The system should use state-of-the-art technology and machine intelligence tools to provide information of prevailing and expected prices in different parts of the country. It should be integrated with information on futures prices and present predictive analytics to assist farmers in their sowing decisions based on demand led futures prices rather than prices of previous years. Such information should be available through an easy interface and a mobile app in various vernacular languages accessible to every farmer. This will facilitate efficient 'price discovery' and strengthen the bargaining power of the farmers.*
- (x) *The terms of reference of the Commission for Agricultural Costs & Prices (CACP) can be expanded to collate, analyze and disseminate price information - both domestic and international, with a view to facilitate efficient price discovery - both spot and futures. Alternatively, an independent organization may be created for the purpose.*
- (xi) Section 6 of the Act provides for non-levy of any market fee or cess on any farmer or trader or electronic trading and transaction platform for trade and commerce in scheduled farmers' produce in a trade area. The APMCs, on the other hand, currently charge mandi fees/cess levied on every transaction. *The Committee, therefore, recommends that to create a level-playing field to transactions in existing APMCs and in the 'trade area' as defined in the Act, the market fees/cess charged by APMCs, need to be abolished. The service charges in mandis and trade areas should be determined competitively. This will reduce the intermediation costs of agricultural marketing - expand the overall market for farmers and give them access to exporters, processors and retailers, increase the share of farmers in the retail price of an agri-product and further benefit consumers by reducing the pressure on prices. This will go a long way in creation of a competitive agricultural sector.*

*(Reference: Para 42 (vii))*

- (xii) As per data available, the revenue from mandi fees to various States was in the range of Rs 9,000-10,000 crore in 2019-20. Some States like Punjab, Haryana, Uttar Pradesh earned more than Rs 1,000 crore annually from the mandi fees. This revenue was purported to cover the operational expenditure of the APMCs. There are, therefore, concerns of possible losses in these mandi revenues in several States - as new alternative trade areas develop and provide competition to the APMC mandis. *A compensation fund, therefore, needs to be devised by the Centre over a period of 3-5 years on the lines of compensation fund for loss in GST revenue. This can be dovetailed with the performance-based incentive grants of the*

*Fifteenth Finance Commission for agricultural reforms (Chapter X of the Report). The Agricultural Markets Council, as earlier recommended, can deliberate on the modalities for such a compensation fund.*

*(Reference: Para 42(viii))*

- (xiii) *States need to develop models to convert existing APMCs to revenue generating entities by making them hubs of agri-business by provision of better marketing facilities for cleaning, sorting, assaying, grading, storage and packaging.* They should be linked with various logistics players, e-NAM facilities and retail markets. Adequate funds may be mobilized from convergence of various Schemes of the Central Government such as Agri Infrastructure Fund (AIF), Operation Greens, 'One District, One Product', Pradhan Mantri Kisan SAMPADA Yojana, PM Formalization of Micro Food Processing Enterprises Scheme (PM FME Scheme), etc.
- (xiv) The proviso to Section 4(1) of the Act lays down the requirement of a permanent account number (PAN) allotted under the Income-tax Act, 1961 or such other document as may be notified by the Central Government, for the trader. *To enable ease of usage and wider compliance, a list of additional documents to ascertain the address of the buyer, as an alternative to PAN number, may be notified by the Central Government.*
- (xv) Section 4(2) of the Act is an enabling provision for creating a system of electronic registration for a trader, modalities of trade transaction and mode of payment of the scheduled farmers' produce in a trade area. *The Committee recommends that every trader/buyer may be required to register themselves which can be linked with the identity document notified by the Government (as in Proviso to Section 4(1)). An electronic dashboard may be developed for the purpose to enable ease of availability of information and strengthen the security of the transaction.*
- (xvi) Section 4(3) of the Act provides for that 'every trader who transacts with farmers shall make payment for the traded scheduled farmers' produce on the same day or within the maximum three working days if procedurally so required subject to the condition that the receipt of delivery mentioning the due payment amount shall be given to the farmer on the same day'. *The Committee recommends that the payment should preferably be made simultaneously on receipt of delivery of the agri-produce to alleviate concerns of non-payments.*

## **VIII. RECOMMENDATIONS RELATED TO FARMERS (EMPOWERMENT AND PROTECTION) AGREEMENT ON PRICE ASSURANCE AND FARM SERVICES ACT, 2020**

60. The majority of the feedback received by the Committee supported the Act. The Committee recognizes that the Act attempts to provide a national framework for farming agreements to enable development of a long-term relationship between farmers and agri-business industry. The Act has attempted to provide various safeguards for the farmer in terms of penalties, ownership of land, payments etc. However, it may be noted that no contract can be perfect. A contractual relationship needs to be evolved based on mutual trust over medium to long term. A viable approach seems to be to form clusters of small farmers,



via, Farmer Producers Organizations/Cooperatives (FPOs/FPCs) that can create a scale effect and enhance the bargaining position of the farmers. There would be multiple models of such a relationship - some may fail and many others may succeed. Improvements in the contracts should be an ongoing process based on the experiences gained from the successes and failures of various contracts. The Act is a step in the right direction and facilitates optimal division of market risks.

61. The Committee, accordingly, makes the following recommendations

- (vi) *A model contract agreement should be formulated and shared on the website and with all stakeholders to remove various glitches in implementation.*
- (vii) There are perceptions that the Act would lead to alienation of land of the farmer in favour of the corporates. The Committee notes that there are enough safeguards in the Act as Section 8 of the Act clearly prohibits acquiring ownership rights by the 'sponsor' or making permanent modifications on farmer's land or premises. Section 15, further, states that no action for recovery of any amount due shall be initiated against the agricultural land of the farmer. *A major communication exercise, therefore, needs to be undertaken to clear the apprehension that land of farmers would be usurped under this Act.*

*(Reference: Para 47 (iv))*

- (viii) Section 12 of the Act provides for that "(1) A State Government may notify a Registration Authority to provide for electronic registry for that State that provides facilitative framework for registration of farming agreements. (2) The constitution, composition, powers and functions of the Registration Authority and the procedure for registration shall be such as may be prescribed by the State Government." *The Committee, therefore, recommends that States may notify such a Registration Authority and provide for electronic registration for such farming agreements.*

*(Reference: Para 44 (vii))*

- (ix) *To lend security to the contract for both the parties, the contract agreement should be signed by two witness from farmer's as well as contractor's side.*
- (x) *Alternative mechanism for dispute settlement may be provided as recommended in the Section on broad recommendation (iii).*
- (xi) *Provision should be made in case market prices increase than the contracted prices.*

## **IX. RECOMMENDATIONS RELATED TO ESSENTIAL COMMODITIES (AMENDMENT) ACT (ECA), 2020**

62. A large proportion of the feedback received by the Committee was in favour of complete abolition of the Act to enable the farmers to receive better prices for their produce. The Committee has taken note of this and concurs with this majority view. It, accordingly makes the following recommendations:

- (xi) The Committee recognizes that the ECA Act, 1955 has its origins in a period of shortages and scarcity. Given that Indian agriculture has traversed an impressive growth trajectory from a food scarce country

to a food sufficient and steadily to a food surplus one, the Act needs a re-look. *The Government should, therefore, consider in favour of completely abolishing the ECA Act, 1995 or take steps to substantially liberalize its provisions.*

- (xii) In the same spirit, *the price triggers, at present 100 percent for perishables and 50 percent for non-perishables in the Amendment Act, may be reviewed and enhanced to 200 percent and 75 percent respectively.* These would cover any 'extraordinary price rise' as envisaged in this Amendment Act.

*(Reference: Para 55(ii))*

- (xiii) When stock limits are imposed, the prices crash even below the cost of production leading to losses to the farmers. *Quantity of stock limits should, therefore, be reasonably sufficient keeping in view of the trading volumes in major mandis.*

- (xiv) *Stock Limits, if imposed, should be reviewed on a fortnightly basis.*

- (xv) As agriculture is a seasonal activity, *the price rise, as defined in the Amendment Act, should sustain itself for a month before any decision on stock limits is taken.*

- (xvi) The reference period for price rise is average retail prices for last five years - *this may be reduced to last three years as a period of five years may see major changes in the technology used and resultant production trends.*

- (xvii) A corollary of stocking limits spills over to export bans in a case of rise in prices. There was a demand from most farmer groups that their access to export markets should not be restricted in an unpredictable manner. *Exports bans, therefore, need to be rationalized and should be imposed in an objective manner based on similar price triggers as envisaged in this Act.*

- (xviii) To alleviate concerns of hoarding and artificially increasing prices for the consumer, a robust information system for declaration of stocks beyond a certain limit may be developed. *All the warehouses beyond a certain capacity must be registered with Warehousing Development and Regulatory Authority (WDRA). They should be mandated to report on a monthly basis on the availability of stocks. Data of the total private and public storage capacity available and its utilization in the country, as reported and assessed above, need to be aggregated in a dynamic information system. The role of the WDRA has to be expanded to collate and analyze information on existing stocks in the warehouses. This will immensely help take more rational policy decisions with respect to imposition of stocking limits or even export bans.*

- (xix) *The above information system can be integrated to the Price information System as envisaged in the Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 to develop effective forecasting mechanisms using information on expected demand and supply; and stocks-to-use ratio. This would enable policy makers to assess the impact of any production shocks/surpluses and prevent 'peaks' and 'troughs' in prices.*

- (xx) Price Stabilization Fund (PSF) was set up in 2014-15 to help regulate the price volatility of important agricultural commodities like onion, potatoes and pulses. It provides for maintaining a strategic buffer of

aforementioned commodities for subsequent calibrated release to moderate price volatility and discourage hoarding and unscrupulous speculation. *NAFED has been increasingly conducting operations under the PSF. These need to be strengthened further by replenishing the buffer stock at harvest time when prices are generally depressed and releasing stocks in open market operations in lean-season when prices tend to rise.*

## X. RECOMMENDATIONS RELATED TO AGRICULTURAL PRICE POLICIES

63. The three Acts do not have anything that talks about discontinuation and/or implementation of the MSP policy. The farmers, however, have apprehensions that with implementation of these farm laws, the MSP regime may be phased out. Therefore, they are demanding to legalize the MSP for all the commodities. The demand for legalizing the MSP is not based on sound logic and is infeasible to implement. Any product that is produced needs to be traded at a viable price. MSP is an indicative floor price to protect the farmers against any undue fall in prices especially at the time of harvest. The Government does not have the financial coffers to buy whatever is produced of all 23 commodities that are currently under the cover of MSP. Traders would not buy if the produce cannot be re-sold/exported/processed at a profitable price. This would lead to a situation where the farmer is saddled with his crop with no buyer. This, ultimately, will boomerang and would do more harm to the farmer than help him.
64. This situation is mirrored in the sugarcane sector, especially in Uttar Pradesh, where annual arrears by mills to farmers keep mounting as the mills are mandated to buy at the mandated price. Despite the legal provision that the payment, in accordance with the mandated price, has to be made in 15 days, the arrears keep on accumulating year-on-year. The State Governments, ultimately, have to intervene with budgetary support to salvage the situation as if the firms are forced to pay these arrears, they will become sick and close leading to enormous unemployment and distress (Box VI). If the MSP is made compulsory for the currently mandated 23 commodities, where millions of traders are there, the system will become impossible to track and enforce. The price of a traded commodity is governed by both demand and supply conditions - that a legal provision cannot circumvent. This malaise of unpaid dues to farmers would only spread if price of a traded commodity is mandated by a legal provision.

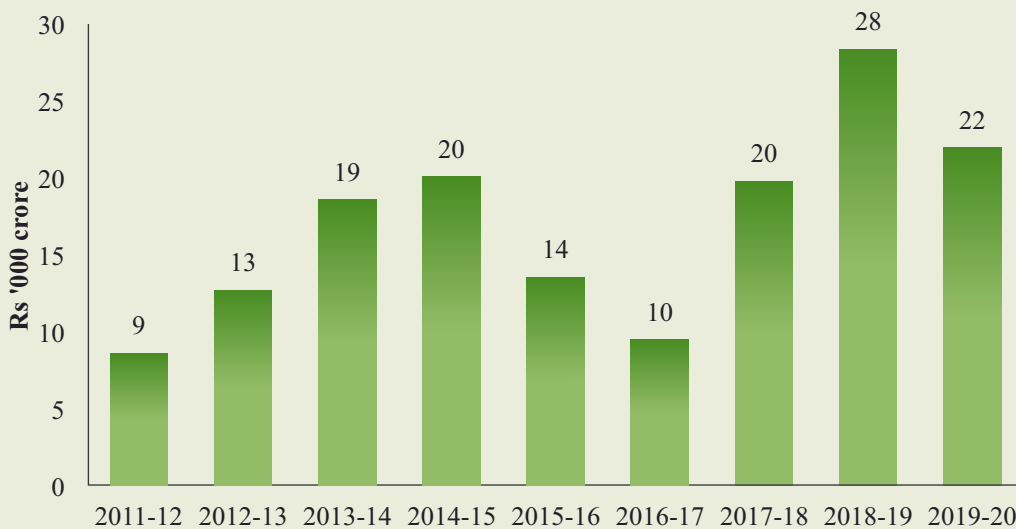
### Box VI: Mounting Sugarcane Arrears due to Mandated Prices

The Government of India fixes Fair and Remunerative Price (FRP) under clause 3 of Sugarcane (Control) Order, 1966 issued under the Essential Commodities Act (ECA), 1955. The Sugarcane (Control) Order, 1966 was amended on 22.10.2009 and the concept of Statutory Minimum Price (SMP) of sugarcane was replaced with the 'Fair and Remunerative Price (FRP)' of sugarcane from 2009-10 sugar season. The amended provisions of the Sugarcane (Control) Order, 1966 provide for fixation of FRP of sugarcane having regard to (i) cost of production of sugarcane, (ii) return to the growers from alternative crops and the general trend of prices of agricultural commodities, (iii) availability of sugar to consumers at a fair price, (iv) price at which sugar produced from sugarcane is sold by sugar producers, (v) recovery of sugar from sugarcane, (vi) the realization made from sale of by-products viz. molasses, bagasse and press mud or their imputed value (inserted vide notification dated 29.12.2008) and (vii)

reasonable margins for the growers of sugarcane on account of risk and profits (inserted vide notification dated 22.10.2009). In order to incentivize higher sugar recoveries, the FRP is linked to a basic recovery rate of sugar, with a premium payable to farmers for higher recovery of sugar from sugarcane.

Some State Governments, namely, Haryana, Punjab, Uttarakhand and Uttar Pradesh intervene in sugarcane pricing and announce their own State Advised Price (SAP), higher than the FRP. This distortion results in mounting cane price arrears of farmers and weak financial position of sugar mills (Figure 17). CACP has been recommending that the State Governments should stop announcing SAP. A mandated legal price cannot be enforced with a handful of mills in these States as for the mills to pay for the sugarcane, the price of the end-product of sugar has to be viable. Therefore, mandating a price for a traded product is unviable – the market risks and revenues need to be shared optimally as per the evolving demand-supply situation.

**Figure 17: Mounting Sugarcane Arrears**



**Source:** Indian Sugar Mills Association (ISMA)  
**Note:** Arrears are as on 31st March of the year

The State Governments have to ultimately salvage the sugar mills by clearing the arrears through budgetary support. The State Government of Uttar Pradesh claims that it has cleared cane arrears of Rs 1.22 lakh crore arrears pertaining to the last four years.

The Committee notes these facts and, accordingly, makes the following recommendations:

(i) *The MSP and procurement support policy, as was designed for cereals during the Green Revolution time, needs to be revisited* given that huge surpluses of wheat and rice have emerged. These are reflected in bulging Central Pool stocks - 2.5 times the buffer stock norms. These stocks are set to exceed 100 million tonnes on 1st July, 2021 - locking roughly around Rs 2 lakh crore in excessive stocks beyond the buffer norms. This leads to colossal wastage and leakages amounting to sheer waste of public money which can be better utilized to create agri-infrastructure and to expand procurement and price stabilization operations through the open market for other cereals, pulses and oilseeds on the pattern of what NAFED is doing.

(Reference: Paras 33-36)

(ii) *For wheat and rice, there has to be a cap on procurement which is commensurate to the needs of the Public Distribution System (PDS). The open-ended procurement policy needs to be discontinued as it is distorting the composition of agricultural output in certain States with its adjunct environmental consequences. The savings from this capping on wheat and rice procurement may be utilized to enhance prize stabilization fund for other commodities such as nutri-cereals, pulses, oilseeds and even onion and potatoes on open market principles.*

(Reference: Paras 33-36)

(iii) *The Committee supports the approach of NAFED in carrying out procurement operations in pulses and oilseeds under the Price Support Scheme - where procurement is done at the request of the States, a cap of 25 percent of the production is laid down and NAFED is exempt from payment of any mandi fees/cess/arhtiya commission.* This is in sync with APMC reforms. NAFED undertakes its purchase operations at harvest time to lend support to prices and unloads through Open Market Operations (OMOs) in the lean season - which is the right approach to price stabilization and ensuring a remunerative return to farmers.

(Reference: Para 35)

(iv) Agriculture across States in India is very diversified and as per the federal constitutional distribution of powers, States need to have some flexibilities to fix their priorities. *The Committee, therefore, recommends that procurement of crops at a declared MSP can be the prerogative of the States as per their specific agricultural policy priorities.* The States can provide for a legal backing for such procurements at their own costs - as the recent Punjab Amendment Act does. Kerala, as an example, has recently announced MSP for fruits and vegetables. Some States also announce bonus on the MSP announced by the Centre.

(v) As the Committee recommends revisiting of the MSP policy, there could be various options how to proceed further looking atleast ten years ahead. *One of the options that the committee deliberated upon is to allocate the current expenditure by the Central Government on procurement, storage and PDS of wheat and rice across States based on an objective formula giving due weightage to production, procurement and poverty. The States should be given the freedom to devise their own approaches to support farmers and protect poor consumers in their respective States.*

- (vi) *Another option is to give freedom of choice to beneficiaries of PDS to choose cash transfers equivalent to MSP + 25 percent for every kg of grain entitlement or get it in kind (wheat or rice). This will lead to a demand for a more diversified food basket encouraging diversification in production in line with the emerging demand patterns. It will also help in reducing the leakages in the PDS by using the trinity of JAM (Jan-dhan accounts, Aadhar and Mobile). It will be, therefore, a win-win situation for both the farmers and the consumer beneficiaries. This will have to be done in a phased manner spread over 3-5 years with a due communication exercise.*
- (vii) *A concrete road map for gradual diversification from paddy to more sustainable high-value crops, especially in Punjab-Haryana belt, needs to be formulated with adequate budgetary resources jointly by the Central Government and the respective State Governments.*

# ANNEXURES





# ANNEXURE 1

रविस्ट्री सं० डी० एल—(एन)04/0007/2003—20

REGISTERED NO. DL—(N)04/0007/2003—20

  
**भारत का राजपत्र**  
**The Gazette of India**

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असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्रधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

से० 46] नई दिल्ली, रविवार, सितम्बर 27, 2020/ आश्विन 5, 1942 (शक)  
No. 46] NEW DELHI, SUNDAY, SEPTEMBER 27, 2020/ASVINA 5, 1942 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

**MINISTRY OF LAW AND JUSTICE**  
(Legislative Department)

*New Delhi, the 27th September, 2020/Asvina 5, 1942 (Saka)*

The following Act of Parliament received the assent of the President on the 24th September, 2020 and is hereby published for general information:—

**THE FARMERS' PRODUCE TRADE AND COMMERCE (PROMOTION  
AND FACILITATION) ACT, 2020**

No. 21 of 2020

[24th September, 2020.]

An Act 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 the 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.

BE it enacted by Parliament in the Seventy-first Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020.

Short title and commencement.

# ANNEXURE 1

Definitions,

(2) It shall be deemed to have come into force on the 5th day of June, 2020.

2. In this Act, unless the context otherwise requires,—

(a) “electronic trading and transaction platform” means a platform set up to facilitate direct and online buying and selling for conduct of trade and commerce of farmers’ produce through a network of electronic devices and internet applications, where each such transaction results in physical delivery of farmers’ produce;

(b) “farmer” means an individual engaged in the production of farmers’ produce by self or by hired labour or otherwise, and includes the farmer producer organisation;

(c) “farmers’ produce” means,—

(i) 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;

(d) “farmer producer organisation” means an association or group of farmers, by whatever name called,—

(i) registered under any law for the time being in force; or

(ii) promoted under a scheme or programme sponsored by the Central or the State Government;

(e) “inter-State trade” means the act of buying or selling of farmers’ produce, wherein a trader of one State buys the farmers’ produce from the farmer or a trader of another State and such farmers’ produce is transported to a State other than the State in which the trader purchased such farmers’ produce or where such farmers’ produce originated;

(f) “intra-State trade” means the act of buying or selling of farmers’ produce, wherein a trader of one State buys the farmers’ produce from a farmer or a trader of the same State in which the trader purchased such farmers’ produce or where such farmers’ produce originated;

(g) “notification” means a notification published by the Central Government or the State Governments in the Official Gazette and the expressions “notify” and “notified” shall be construed accordingly;

(h) “person” includes—

(a) an individual;

(b) a partnership firm;

(c) a company;

(d) a limited liability partnership;

(e) a co-operative society;

(f) a society; or

(g) any association or body of persons duly incorporated or recognised as a group under any ongoing programmes of the Central Government or the State Government;

(i) “prescribed” means prescribed by the rules made by the Central Government under this Act;

(j) "scheduled farmers' produce" means the agricultural produce specified under any State APMC Act for regulation;

(k) "State" includes the Union territory;

(l) "State APMC Act" means any State legislation or Union territory legislation in force in India, by whatever name called, which regulates markets for agricultural produce in that State;

(m) "trade area" means any area or location, place of production, collection and aggregation including—

- (a) farm gates;
- (b) factory premises;
- (c) warehouses;
- (d) silos;
- (e) cold storages; or
- (f) any other structures or places,

from where trade of farmers' produce may be undertaken in the territory of India but does not include the premises, enclosures and structures constituting—

(i) physical boundaries of principal market yards, sub-market yards and market sub-yards managed and run by the market committees formed under each State APMC Act in force in India; and

(ii) private market yards, private market sub-yards, direct marketing collection centres, and private farmer-consumer market yards managed by persons holding licenses or any warehouses, silos, cold storages or other structures notified as markets or deemed markets under each State APMC Act in force in India;

(n) "trader" means a person who buys farmers' produce by way of inter-State trade or intra-State trade or a combination thereof, either for self or on behalf of one or more persons for the purpose of wholesale trade, retail, end-use, value addition, processing, manufacturing, export, consumption or for such other purpose.

## CHAPTER II

### PROMOTION AND FACILITATION OF TRADE AND COMMERCE OF FARMERS' PRODUCE

3. Subject to the provisions of this Act, any farmer or trader or electronic trading and transaction platform shall have the freedom to carry on the inter-State or intra-State trade and commerce in farmers' produce in a trade area.

Freedom to conduct trade and commerce in a trade area.

4. (1) Any trader may engage in the inter-State trade or intra-State trade of scheduled farmers' produce with a farmer or another trader in a trade area:

Trade and commerce of scheduled farmers' produce.

Provided that no trader, except the farmer producer organisations or agricultural co-operative society, shall trade in any scheduled farmers' produce unless such a trader has a permanent account number allotted under the Income-tax Act, 1961 or such other document as may be notified by the Central Government.

43 of 1961.

(2) The Central Government may, if it is of the opinion that it is necessary and expedient in the public interest so to do, prescribe 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.

# ANNEXURE 1

4

THE GAZETTE OF INDIA EXTRAORDINARY

[PART II—

(3) Every trader who transacts with farmers shall make payment for the traded scheduled farmers' produce on the same day or within the maximum three working days if procedurally so required subject to the condition that the receipt of delivery mentioning the due payment amount shall be given to the farmer on the same day:

Provided that the Central Government may prescribe a different procedure of payment by farmer produce organisation or agriculture co-operative society, by whatever name called, linked with the receipt of payment from the buyers.

5. (1) Any person (other than individual), having a permanent account number allotted under the Income-tax Act, 1961 or such other document as may be notified by the Central Government or any farmer producer organisation or agricultural co-operative society may establish and operate an electronic trading and transaction platform for facilitating inter-State or intra-State trade and commerce of scheduled farmers' produce in a trade area:

43 of 1961.

Provided that the person establishing and operating an electronic trading and transaction platform shall prepare and implement the guidelines for fair trade practices such as mode of trading, fees, technical parameters including inter-operability with other platforms, logistics arrangements, quality assessment, timely payment, dissemination of guidelines in local language of the place of operation of the platform and such other matters.

(2) If the Central Government is of the opinion that it is necessary and expedient in public interest so to do, it may, for electronic trading platforms, by rules—

(a) specify the procedure, norms, manner of registration; and

(b) specify the code of conduct, technical parameters including inter-operability with other platform and modalities of trade transaction including logistics arrangements and quality assessment of scheduled farmers' produce and mode of payment,

for facilitating fair inter-State and intra-State trade and commerce of scheduled farmers' produce in a trade area.

6. No market fee or cess or levy, by whatever name called, under any State APMC Act or any other State law, shall be levied on any farmer or trader or electronic trading and transaction platform for trade and commerce in scheduled farmers' produce in a trade area.

7. (1) The Central Government may, 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.

(2) The Central Government may require any person owning and operating an electronic trading and transaction platform to provide information regarding such transactions as may be prescribed.

*Explanation.*—For the purposes of this section, the expression "Central Government Organisation" includes any subordinate or attached office, Government owned or promoted company or society.

## CHAPTER III

### DISPUTE RESOLUTION

8. (1) In case of any dispute arising out of a transaction between the farmer and a trader under section 4, the parties may seek a mutually acceptable solution through conciliation by filing an application to the Sub-Divisional Magistrate who shall refer such dispute to a Conciliation Board to be appointed by him for facilitating the binding settlement of the dispute.

(2) Every Board of Conciliation appointed by the Sub-Divisional Magistrate under sub-section (1), shall consist of a chairperson and such members not less than two and not more than four, as the Sub-Divisional Magistrate may deem fit.

Electronic trading and transaction platform.

Market fee under State APMC Act, etc., in trade area.

Price Information and Market Intelligence System.

Dispute Resolution Mechanism for farmers.

(3) The chairperson shall be an officer serving under the supervision and control of the Sub-Divisional Magistrate and the other members shall be persons appointed in equal numbers to represent the parties to the dispute and any person appointed to represent a party shall be appointed on the recommendation of that party:

Provided that, if any party fails to make such recommendation within seven days, the Sub-Divisional Magistrate shall appoint such persons as he thinks fit to represent that party.

(4) Where, in respect of any dispute, a settlement is arrived at during the course of conciliation proceedings, a memorandum of settlement shall be drawn accordingly and signed by the parties to such dispute which shall be binding upon the parties.

(5) If the parties to the transaction under sub-section (1) are unable to resolve the dispute within thirty days in the manner set out under this section, they may approach the Sub-Divisional Magistrate concerned who shall be the "Sub-Divisional Authority" for settlement of such dispute.

(6) The Sub-Divisional Authority on its own motion or on a petition or on the reference from any Government agency take cognizance of any contravention of the provisions of section 4 or rules made thereunder and take action under sub-section (7).

(7) The Sub-Divisional Authority shall decide the dispute or contravention under this section in a summary manner within thirty days from the date of its filing and after giving the parties an opportunity of being heard, he may—

(a) pass an order for the recovery of the amount under dispute; or

(b) impose a penalty as stipulated in sub-section (1) of section 11; or

(c) pass an order for restraining the trader in dispute from undertaking any trade and commerce of scheduled farmers' produce, directly or indirectly under this Act for such period as it may deem fit.

(8) Any party aggrieved by the order of the Sub-Divisional Authority may prefer an appeal before the Appellate Authority (Collector or Additional Collector nominated by the Collector) within thirty days of such order who shall dispose of the appeal within thirty days from the date of filing of such appeal.

(9) Every order of the Sub-Divisional Authority or Appellate Authority under this section shall have force of the decree of a civil court and shall be enforceable as such, and decretal amount shall be recovered as arrears of land revenue.

(10) The manner and procedure for filing a petition or an application before the Sub-Divisional Authority and appeal before the appellate authority shall be such as may be prescribed.

9. (1) The Agriculture Marketing Adviser, Directorate of Marketing and Inspection, Government of India or an officer of the State Government to whom such powers are delegated by the Central Government in consultation with the respective State Government may, on its own motion or on a petition or on the reference from any Government Agency, take cognizance of any breach of the procedures, norms, manner of registration and code of conduct or any breach of the guidelines for fair trade practices by the electronic trading and transaction platform established under section 5 or contravenes the provisions of section 7 and, by an order within sixty days from the date of receipt and for the reasons to be recorded, he may—

Suspension or cancellation of right to operate in electronic trading and transaction platform.

(a) pass an order for the recovery of the amount payable to the farmers and traders;

(b) impose a penalty as stipulated in sub-section (2) of section 11; or

(c) suspend for such period as he deems fit or cancel the right to operate as an electronic trading and transaction platform:

# ANNEXURE 1

Provided that no order for recovery of amount, imposition of penalty or suspension or cancellation of the right to operate shall be passed without giving the operator of such electronic trading and transaction platform an opportunity of being heard.

(2) Every order made under sub-section (1) shall have force of the decree of a civil court and shall be enforceable as such and the decretal amount shall be recovered as arrears of land revenue.

Appeal against cancellation of right to operate.

**10.** (1) Any person aggrieved by an order under section 9 may, prefer an appeal within sixty days from the date of such order, to an officer not below the rank of Joint Secretary to the Government of India to be nominated by the Central Government for this purpose:

Provided that an appeal may be admitted even after the expiry of the said period of sixty days, but not beyond a total period of ninety days, if the appellant satisfies the appellate authority, that he had sufficient cause for not preferring the appeal within the said period.

(2) Every appeal made under this section shall be made in such form and manner, and shall be accompanied by a copy of the order appealed against and by such fees as may be prescribed.

(3) The procedure for disposing of an appeal shall be such as may be prescribed.

(4) An appeal filed under this section shall be heard and disposed of within a period of ninety days from the date of its filing:

Provided that before disposing of an appeal, the appellant shall be given an opportunity of being heard.

## CHAPTER IV

### PENALTIES

Penalty for contravention of Act and rules.

**11.** (1) Whoever contravenes the provisions of section 4 or the rules made thereunder shall be liable to pay a penalty which shall not be less than twenty-five thousand rupees but which may extend up to five lakh rupees, and where the contravention is a continuing one, further penalty not exceeding five thousand rupees for each day after the first day during which the contravention continues.

(2) If any person, who owns, controls or operates an electronic trading and transaction platform, contravenes the provisions of sections 5 and 7 or the rules made thereunder shall be liable to pay a penalty which shall not be less than fifty thousand rupees but which may extend up to ten lakh rupees, and where the contravention is a continuing one, further penalty not exceeding ten thousand rupees for each day after the first day during which the contravention continues.

## CHAPTER V

### MISCELLANEOUS

Powers of Central Government to issue instructions, directions, orders or guidelines.

**12.** The Central Government may, for carrying out the provisions of this Act, give such instructions, directions, orders or issue guidelines as it may deem necessary to any authority or officer subordinate to the Central Government, any State Government or any authority or officer subordinate to a State Government, an electronic trading and transaction platform or to any person or persons owning or operating an electronic trading and transaction platform, or a trader or class of traders.

Protection of action taken in good faith.

**13.** No suit, prosecution or other legal proceedings shall lie against the Central Government or the State Government, or any officer of the Central Government or the State Government or any other person in respect of anything which is in good faith done or intended to be done under this Act or of any rules or orders made thereunder.

42 of 1956.

**14.** The provisions of this Act shall have effect, notwithstanding anything inconsistent therewith contained in any State APMC Act or any other law for time being in force or in any instrument having effect by virtue of any law for the time being in force.

Act to have overriding effect.

**15.** No civil court shall have jurisdiction to entertain any suit or proceedings in respect of any matter, the cognizance of which can be taken and disposed of by any authority empowered by or under this Act or the rules made thereunder.

Bar of jurisdiction of civil court.

**16.** Nothing contained in this Act, shall be applicable to the Stock Exchanges and Clearing Corporations recognised under the Securities Contracts (Regulation) Act, 1956 and the transactions made thereunder.

Act not to apply to certain transactions.

**17. (1)** The Central Government may, by notification, make rules for carrying out the provisions of this Act.

Power of Central Government to make rules.

(2) In particular and without prejudice to the generality of the forgoing power, such rules may provide for all or any of the following matters, namely:—

(a) the system of electronic registration for a trader and modalities of trade transaction of scheduled farmers' produce under sub-section (2) of section 4;

(b) the procedure of payment under proviso to sub-section (3) of section 4;

(c) the manner and procedure for filing a petition or an application before the Sub-Divisional Authority and appeal before the appellate authority under sub-section (10) of section 8;

(d) the information regarding transactions under sub-section (2) of section 9;

(e) the form and manner and the fee payable for filing an appeal under sub-section (2) of section 10;

(f) the procedure for disposing of an appeal under sub-section (3) of section 10;

(g) any other matter which is to be or may be prescribed.

**18.** Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Laying of rules.

**19. (1)** If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to it to be necessary for removing the difficulty:

Power to remove difficulties.

Provided that no order shall be made under this section after the expiry of the period of three years from the date of commencement of this Act.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

**20. (1)** The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 is hereby repealed.

Repeal and savings.

Ord. 10 of 2020.

# ANNEXURE 1

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THE GAZETTE OF INDIA EXTRAORDINARY [PART II—SEC. 1]

(2) Notwithstanding such repeal, anything done or any action under the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.

DR. G. NARAYANA RAJU,  
*Secretary to the Govt. of India.*

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DR. G. NARAYANA RAJU  
Secretary to the Govt. of India





सत्यमेव जयते

# भारत का राजपत्र The Gazette of India

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असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## MINISTRY OF LAW AND JUSTICE (Legislative Department)

*New Delhi, the 27th September, 2020/Asvina 5, 1942 (Saka)*

The following Act of Parliament received the assent of the President on the 24th September, 2020 and is hereby published for general information:—

### THE FARMERS (EMPOWERMENT AND PROTECTION) AGREEMENT ON PRICE ASSURANCE AND FARM SERVICES ACT, 2020

No. 20 OF 2020

[24th September, 2020.]

An Act 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.

BE it enacted by Parliament in the Seventy-first Year of the Republic of India as follows:—

#### CHAPTER I

##### PRELIMINARY

1. (1) This Act may be called the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020.

(2) It shall be deemed to have come into force on the 5th June, 2020.

Short title  
and  
commencement.

# ANNEXURE 1

## Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "APMC yard" means the physical premises covering Agriculture Produce Market Committee Yard, by whatever name called, established for regulating markets and trade in farming produce under any State Act;

(b) "company" means a company as defined in clause (20) of section 2 of the Companies Act, 2013;

18 of 2013.

(c) "electronic trading and transaction platform" means a platform set up to facilitate direct and online buying and selling for conduct of trade and commerce of farming produce through a network of electronic devices and internet applications;

(d) "farm services" includes supply of seed, feed, fodder, agro-chemicals, machinery and technology, advice, non-chemical agro-inputs and such other inputs for farming;

(e) "farmer" means an individual engaged in the production of farming produce by self or by hired labour or otherwise, and includes the Farmer Producer Organisation;

(f) "Farmer Producer Organisation" means an association or group of farmers, by whatever name called,—

(i) registered under any law for the time being in force; or

(ii) promoted under a scheme or programme sponsored by the Central Government or the State Government;

(g) "farming agreement" means a written agreement entered into between a farmer and a Sponsor, or a farmer, a Sponsor and any third party, prior to the production or rearing of any farming produce of a predetermined quality, in which the Sponsor agrees to purchase such farming produce from the farmer and to provide farm services.

*Explanation.*—For the purposes of this clause, the term "farming agreement" may include—

(i) "trade and commerce agreement", where the ownership of commodity remains with the farmer during production and he gets the price of produce on its delivery as per the agreed terms with the Sponsor;

(ii) "production agreement", where the Sponsor agrees to provide farm services, either fully or partially and to bear the risk of output, but agrees to make payment to the farmer for the services rendered by such farmer; and

(iii) such other agreements or a combination of agreements specified above;

(h) "farming produce" includes—

(i) foodstuffs, including edible oilseeds and oils, all kinds of cereals like wheat, rice or other coarse grains, pulses, 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;

(iii) raw cotton, whether ginned or unginned;

(iv) cotton seeds and raw jute;

(i) "firm" means a firm as defined in section 4 of the Indian Partnership Act, 1932;

9 of 1932.

(j) "force majeure" means any unforeseen external event, including flood, drought, bad weather, earthquake, epidemic outbreak of disease, insect-pests and such other events, which is unavoidable and beyond the control of parties entering into a farming agreement;

(k) "notification" means a notification published by the Central Government or the State Government, as the case may be, in the Official Gazette and the expression "notified" shall be construed accordingly;

(l) "person" includes—

- (i) an individual;
- (ii) a partnership firm;
- (iii) a company;
- (iv) a limited liability partnership;
- (v) a co-operative society;
- (vi) a society; or

(vii) any association or body of persons duly incorporated or recognised as a group under any ongoing programmes of the Central Government or the State Government;

(m) "prescribed" means prescribed by rules made under this Act;

(n) "Registration Authority" means an authority notified as such by the State Government under section 12;

(o) "Sponsor" means a person who has entered into a farming agreement with the farmer to purchase a farming produce;

(p) "State" includes Union territory.

## CHAPTER II

### FARMING AGREEMENT

3. (1) A farmer may enter into a written farming agreement in respect of any farming produce and such agreement may provide for—

- (a) the terms and conditions for supply of such produce, including the time of supply, quality, grade, standards, price and such other matters; and
- (b) the terms related to supply of farm services:

Provided that the responsibility for compliance of any legal requirement for providing such farm services shall be with the Sponsor or the farm service provider, as the case may be.

(2) No farming agreement shall be entered into by a farmer under this section in derogation of any rights of a share cropper.

*Explanation.*—For the purposes of this sub-section, the term "share cropper" means a tiller or occupier of a farm land who formally or informally agrees to give fixed share of crop or to pay fixed amount to the land owner for growing or rearing of farming produce.

(3) The minimum period of the farming agreement shall be for one crop season or one production cycle of livestock, as the case may be, and the maximum period shall be five years:

Provided that where the production cycle of any farming produce is longer and may go beyond five years, in such case, the maximum period of farming agreement may be mutually decided by the farmer and the Sponsor and explicitly mentioned in the farming agreement.

(4) For the purposes of facilitating farmers to enter into written farming agreements, the Central Government may issue necessary guidelines along with model farming agreements, in such manner, as it deems fit.

Farming agreement and its period.

# ANNEXURE 1

4

THE GAZETTE OF INDIA EXTRAORDINARY

[PART II—

Quality, grade and standards of farming produce.

4. (1) The parties entering into a farming agreement may identify and require as a condition for the performance of such agreement compliance with mutually acceptable quality, grade and standards of a farming produce.

(2) For the purposes of sub-section (1), the parties may adopt the quality, grade and standards—

(a) which are compatible with agronomic practices, agro-climate and such other factors; or

(b) formulated by any agency of the Central Government or the State Government, or any agency authorised by such Government for this purpose,

and explicitly mention such quality, grade and standards in the farming agreement.

(3) The quality, grade and standards for pesticide residue, food safety standards, good farming practices and labour and social development standards may also be adopted in the farming agreement.

(4) The parties entering into a farming agreement may require as a condition that such mutually acceptable quality, grade and standards shall be monitored and certified during the process of cultivation or rearing, or at the time of delivery, by third party qualified assayers to ensure impartiality and fairness.

Pricing of farming produce.

5. The price to be paid for the purchase of a farming produce may be determined and mentioned in the farming agreement itself, and in case, such price is subject to variation, then, such agreement shall explicitly provide for—

(a) a guaranteed price to be paid for such produce;

(b) a clear price reference for any additional amount over and above the guaranteed price, including bonus or premium, to ensure best value to the farmer and such price reference may be linked to the prevailing prices in specified APMC yard or electronic trading and transaction platform or any other suitable benchmark prices:

Provided that the method of determining such price or guaranteed price or additional amount shall be annexed to the farming agreement.

Sale or purchase of farming produce.

6. (1) Where, under a farming agreement, the delivery of any farming produce is to be—

(a) taken by the Sponsor at the farm gate, he shall take such delivery within the agreed time;

(b) effected by the farmer, it shall be the responsibility of the Sponsor to ensure that all preparations for the timely acceptance of such delivery have been made.

(2) The Sponsor may, before accepting the delivery of any farming produce, inspect the quality or any other feature of such produce as specified in the farming agreement, otherwise, he shall be deemed to have inspected the produce and shall have no right to retract from acceptance of such produce at the time of its delivery or thereafter.

(3) The Sponsor shall,—

(a) where the farming agreement relates to seed production, make payment of not less than two-third of agreed amount at the time of delivery and the remaining amount after due certification, but not later than thirty days of delivery;

(b) in other cases, make payment of agreed amount at the time of accepting the delivery of farming produce and issue a receipt slip with details of the sale proceeds.

(4) The State Government may prescribe the mode and manner in which payment shall be made to the farmer under sub-section (3).

7. (1) Where a farming agreement has been entered into in respect of any farming produce under this Act, such produce shall be exempt from the application of any State Act, by whatever name called, established for the purpose of regulation of sale and purchase of such farming produce.

Exemptions with respect to farming produce.

10 of 1955.

(2) Notwithstanding anything contained in the Essential Commodities Act, 1955 or in any control order issued thereunder or in any other law for the time being in force, any obligation related to stock limit shall not be applicable to such quantities of farming produce as are purchased under a farming agreement entered into in accordance with the provisions of this Act.

8. No farming agreement shall be entered into for the purpose of—

(a) any transfer, including sale, lease and mortgage of the land or premises of the farmer; or

(b) raising any permanent structure or making any modification on the land or premises of the farmer, unless the Sponsor agrees to remove such structure or to restore the land to its original condition, at his cost, on the conclusion of the agreement or expiry of the agreement period, as the case may be:

Sponsor prohibited from acquiring ownership rights or making permanent modifications on farmer's land or premises.

Provided that where such structure is not removed as agreed by the Sponsor, the ownership of such structure shall vest with the farmer after conclusion of the agreement or expiry of the agreement period, as the case may be.

9. A farming agreement may be linked with insurance or credit instrument under any scheme of the Central Government or the State Government or any financial service provider to ensure risk mitigation and flow of credit to farmer or Sponsor or both.

Linkage of farming agreement with insurance or credit.

10. Save as otherwise provided in this Act, an aggregator or farm service provider may become a party to the farming agreement and in such case, the role and services of such aggregator or farm service provider shall be explicitly mentioned in such farming agreement.

Other parties to farming agreement.

*Explanation.*—For the purposes of this section,—

(i) "aggregator" means any person, including a Farmer Producer Organisation, who acts as an intermediary between a farmer or a group of farmers and a Sponsor and provides aggregation related services to both farmers and Sponsor;

(ii) "farm service provider" means any person who provides farm services.

11. At any time after entering into a farming agreement, the parties to such agreement may, with mutual consent, alter or terminate such agreement for any reasonable cause.

Alteration or termination of farming agreement.

12. (1) A State Government may notify a Registration Authority to provide for electronic registry for that State that provides facilitative framework for registration of farming agreements.

Establishment of Registration Authority.

(2) The constitution, composition, powers and functions of the Registration Authority and the procedure for registration shall be such as may be prescribed by the State Government.

### CHAPTER III

#### DISPUTE SETTLEMENT

13. (1) Every farming agreement shall explicitly provide for a conciliation process and formation of a conciliation board consisting of representatives of parties to the agreement:

Conciliation board for dispute settlement.

Provided that representation of parties in such conciliation board shall be fair and balanced.

# ANNEXURE 1

(2) A dispute arising from any farming agreement shall be first referred to the conciliation board formed as per the provisions of the farming agreement and every endeavour shall be made by such board to bring about settlement of such dispute.

(3) Where, in respect of any dispute, a settlement is arrived during the course of conciliation proceeding, a memorandum of settlement shall be drawn accordingly and signed by the parties to such dispute and such settlement shall be binding on the parties.

Mechanism  
for dispute  
resolution.

14. (1) Where, the farming agreement does not provide for conciliation process as required under sub-section (1) of section 13, or the parties to the farming agreement fail to settle their dispute under that section within a period of thirty days, then, any such party may approach the concerned Sub-Divisional Magistrate who shall be the Sub-Divisional Authority for deciding the disputes under farming agreements.

(2) On receipt of a dispute under sub-section (1), the Sub-Divisional Authority may, if—

(a) the farming agreement did not provide for conciliation process, constitute a conciliation board for bringing about settlement of such dispute; or

(b) the parties failed to settle their dispute through conciliation process, decide the dispute in a summary manner within thirty days from the date of receipt of such dispute, after giving the parties a reasonable opportunity of being heard and pass an order for recovery of the amount under dispute, with such penalty and interest, as it deems fit, subject to the following conditions, namely:—

(i) where the Sponsor fails to make payment of the amount due to the farmer, such penalty may extend to one and half times the amount due;

(ii) where the order is against the farmer for recovery of the amount due to the Sponsor on account of any advance payment or cost of inputs, as per terms of farming agreement, such amount shall not exceed the actual cost incurred by the Sponsor;

(iii) where the farming agreement in dispute is in contravention of the provisions of this Act, or default by the farmer is due to force majeure, then, no order for recovery of amount shall be passed against the farmer.

(3) Every order passed by the Sub-Divisional Authority under this section shall have same force as a decree of a civil court and be enforceable in the same manner as that of a decree under the Code of Civil Procedure, 1908, unless an appeal is preferred under sub-section (4). 5 of 1908.

(4) Any party aggrieved by the order of the Sub-Divisional Authority may prefer an appeal to the Appellate Authority, which shall be presided over by the Collector or Additional Collector nominated by the Collector, within thirty days from the date of such order.

(5) The Appellate Authority shall dispose of the appeal within thirty days.

(6) Every order passed by the Appellate Authority under this section shall have same force as a decree of a civil court and be enforceable in the same manner as that of a decree under the Code of Civil Procedure, 1908. 5 of 1908.

(7) The amount payable under any order passed by the Sub-Divisional Authority or the Appellate Authority, as the case may be, may be recovered as arrears of land revenue.

(8) The Sub-Divisional Authority or the Appellate Authority shall, while deciding disputes under this section, have all the powers of a civil court for the purposes of taking evidence on oath, enforcing the attendance of witnesses, compelling the discovery and production of documents and material objects and for such other purposes as may be prescribed by the Central Government.

(9) The manner and procedure for filing a petition or an application before the Sub-Divisional Authority and an appeal before the Appellate Authority shall be such as may be prescribed by the Central Government.

15. Notwithstanding anything contained in section 14, no action for recovery of any amount due in pursuance of an order passed under that section, shall be initiated against the agricultural land of the farmer.

No action for recovery of dues against farmer's land.

#### CHAPTER IV

##### MISCELLANEOUS

16. The Central Government may, from time to time, give such directions, as it may consider necessary, to the State Governments for effective implementation of the provisions of this Act and the State Governments shall comply with such directions.

Power of Central Government to give directions.

17. All authorities, including Registration Authority, Sub-Divisional Authority and Appellate Authority, constituted or prescribed under this Act, shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

45 of 1860.

Authorities under Act to be public servants.

18. No suit, prosecution or other legal proceeding shall lie against the Central Government, the State Government, the Registration Authority, the Sub-Divisional Authority, the Appellate Authority or any other person for anything which is in good faith done or intended to be done under the provisions of this Act or any rule made thereunder.

Protection of action taken in good faith.

19. No civil Court shall have jurisdiction to entertain any suit or proceedings in respect of any dispute which a Sub-Divisional Authority or the Appellate Authority is empowered by or under this Act to decide and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or any rules made thereunder.

Bar of jurisdiction of civil court.

20. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any State law for the time being in force or in any instrument having effect by virtue of any such law other than this Act:

Act to have an overriding effect.

Provided that a farming agreement or such contract entered into under any State law for the time being in force, or any rules made thereunder, before the date of coming into force of this Act, shall continue to be valid for the period of such agreement or contract.

21. Nothing contained in this Act shall be applicable to the stock exchanges and clearing corporations recognised under the Securities Contracts (Regulation) Act, 1956 and the transactions undertaken therein.

42 of 1956.

Act not to apply to stock exchanges and clearing corporations.

22. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Act.

Power of Central Government to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) other purposes for which the Sub-Divisional Authority or the Appellate Authority shall have the powers of civil court under sub-section (8) of section 14;

(b) the manner and procedure for filing petition or application before the Sub-Divisional Authority, and an appeal before the Appellate Authority, under sub-section (9) of section 14;

(c) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules, by the Central Government.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total

# ANNEXURE 1

period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Power of State Government to make rules.

**23.** (1) The State Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the mode and manner of payment to the farmer under sub-section (4) of section 6;

(b) the constitution, composition, powers and functions of the Registration Authority, and the procedure for registration under sub-section (2) of section 12;

(c) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules, by the State Government.

(3) Every rule made by the State Government under this Act shall be laid, as soon as may be after it is made, before each House of the State Legislature where it consists of two Houses, or where such Legislature consists of one House, before that House.

Power to remove difficulties.

**24.** (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as may appear to it to be necessary for removing the difficulty.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Repeal and savings.

**25.** (1) The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 is hereby repealed.

Ord. 11 of 2020.

(2) Notwithstanding such repeal, anything done or any action taken under the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 shall be deemed to have been done or taken under the corresponding provisions of this Act.

Ord. 11 of 2020.

DR. G. NARAYANA RAJU,  
*Secretary to the Govt. of India.*





# भारत का राजपत्र The Gazette of India

सी.जी.-डी.एल.-अ.-27092020-222038  
CG-DL-E-27092020-222038

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 47] नई दिल्ली, रविवार, सितम्बर 27, 2020/ आश्विन 5, 1942 (शक)  
No. 47] NEW DELHI, SUNDAY, SEPTEMBER 27, 2020/ASVINA 5, 1942 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## MINISTRY OF LAW AND JUSTICE (Legislative Department)

*New Delhi, the 27th September, 2020/Asvina 5, 1942 (Saka)*

The following Act of Parliament received the assent of the President on the 26th September, 2020 and is hereby published for general information:—

### THE ESSENTIAL COMMODITIES (AMENDMENT) ACT, 2020

No. 22 OF 2020

[26th September, 2020.]

An Act further to amend the Essential Commodities Act, 1955.

BE it enacted by Parliament in the Seventy-first Year of the Republic of India as follows:—

1. (1) This Act may be called the Essential Commodities (Amendment) Act, 2020.

Short title and commencement.

(2) It shall be deemed to have come into force on the 5th day of June, 2020.

10 of 1955.

2. In section 3 of the Essential Commodities Act, 1955, after sub-section (1), the following sub-section shall be inserted, namely:—

Amendment of section 3.

‘(1A) Notwithstanding anything contained in sub-section (1),—

(a) the supply of such foodstuffs, including cereals, pulses, potato, onions, edible oilseeds and oils, as the Central Government may, by notification in the Official Gazette, specify, may be regulated only under extraordinary circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature;

# ANNEXURE 1

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THE GAZETTE OF INDIA EXTRAORDINARY [PART II—SEC. 1]

(b) any action on imposing stock limit shall be based on price rise and an order for regulating stock limit of any agricultural produce may be issued under this Act only if there is—

(i) hundred per cent. increase in the retail price of horticultural produce; or

(ii) fifty per cent. increase in the retail price of non-perishable agricultural foodstuffs,

over the price prevailing immediately preceding twelve months, or average retail price of last five years, whichever is lower:

Provided that such order for regulating stock limit shall not apply to a processor or value chain participant of any agricultural produce, if the stock limit of such person does not exceed the overall ceiling of installed capacity of processing, or the demand for export in case of an exporter:

Provided further that nothing contained in this sub-section shall apply to any order, relating to the Public Distribution System or the Targeted Public Distribution System, made by the Government under this Act or under any other law for the time being in force.

*Explanation.*—The expression "value chain participant", in relation to any agricultural product, means and includes a set of participants, from production of any agricultural produce in the field to final consumption, involving processing, packaging, storage, transport and distribution, where at each stage value is added to the product.

Repeal and savings.

3. (1) The Essential Commodities (Amendment) Ordinance, 2020 is hereby repealed. Ord. 8 of 2020.

(2) Notwithstanding such repeal, anything done or any action taken under the Essential Commodities Act, 1955, as amended by the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of the said Act as amended by this Act. 10 of 1955.

DR. G. NARAYANA RAJU,  
Secretary to the Govt. of India.

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MGIPMRND—859GI—27-09-2020.



# ANNEXURE 2

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ITEM NO.19, 20, 21, 22 & 23 Court No.1 (Video Conferencing)  
SECTION X & PIL-W

## S U P R E M E C O U R T O F I N D I A R E C O R D O F P R O C E E D I N G S

Writ Petition(s)(Civil) No(s).1118/2020

RAKESH VAISHNAV & ORS.

Petitioner(s)

VERSUS

UNION OF INDIA & ORS.

Respondent(s)

(With IA No. 98868/2020 - EX-PARTE AD-INTERIM RELIEF and IA No. 136682/2020 - INTERVENTION/IMPLEADMENT and IA No. 136677/2020 - INTERVENTION/IMPLEADMENT and IA No. 136367/2020 - INTERVENTION/IMPLEADMENT)

WITH

W.P.(C) No. 1152/2020 (PIL-W)

W.P.(C) No. 1168/2020 (PIL-W)

W.P.(C) No. 1165/2020 (PIL-W)  
(FOR ADMISSION)

W.P.(C) No. 1174/2020 (PIL-W)

(With IA No. 136492/2020 - DELETING THE NAME OF PETITIONER/RESPONDENT and IA No. 103591/2020 - EX-PARTE STAY and IA No. 133320/2020 - INTERVENTION APPLICATION and IA No. 136927/2020 - INTERVENTION/IMPLEADMENT and IA No. 107119/2020 - PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES)

W.P.(C) No.1139/2020

([TO BE TAKEN UP ALONGWITH WP (c) NO. 1118/2020 ETC]

(With IA No. 498/2021 - EX-PARTE STAY)

W.P.(C) No(s). 1240/2020

(FOR ADMISSION....[TO BE TAKEN UP ALONG WITH ITEM NO. 14 I.E. W.P.  
(C) No. 1118/2020] )

W.P.(C) No.1404/2020

([TO BE TAKEN UP ALONGWITH W.P.(C) NO. 1118/2020]

(With IA No. 133590/2020 - INTERVENTION/IMPLEADMENT)

Report No. 1



W.P.(C) No. 1406/2020 (PIL-W)

W.P.(C) No. 1421/2020 (PIL-W)

(FOR ADMISSION and IA No.130697/2020-PERMISSION TO APPEAR AND ARGUE  
IN PERSON)

# ANNEXURE 2

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W.P.(C) No. 1441/2020 (PIL-W)  
(FOR ADMISSION and IA No.132471/2020-PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES AND WITH APPLN.(S) BEING I.A. NO.135784/2020 - FOR IMPLEADMENT AND I.A. NOS.3334/2021 & 3324/2021 - FOR INTERVENTION)

W.P.(C) No(s).23/2021  
(FOR ADMISSION and IA No.3852/2021-EXEMPTION FROM FILING AFFIDAVIT and IA No.3851/2021-PERMISSION TO APPEAR AND ARGUE IN PERSON.... [ TO BE TAKEN UP ALONG WITH ITEM NO. 14 I.E. W.P.(C) No. 1118/2020 ] )

Date : 12-01-2021 These matters were called on for orders/hearing today.

CORAM :

HON'BLE THE CHIEF JUSTICE  
HON'BLE MR. JUSTICE A.S. BOPANNA  
HON'BLE MR. JUSTICE V. RAMASUBRAMANIAN

For Petitioner(S) Mr. K. Parameshwar, AOR  
Mr. V. Mukunda, Adv.  
Ms. A. Sregurupriya, Adv.

Mr. Sukumar Pattjoshi, Sr.Adv.  
Mr. K.K.L.Gautam, Adv.  
Mr. Vijendra Kasana, Adv.  
Mr. A. K. Suman, Adv.  
Mr. Manoj Sharma, Adv.  
Mr. Sandeep Kumar Singh, Adv.  
Mr. Sanjeev Malhotra, AOR

Mr. Vivek K. Tankha, Sr. Adv.  
Mr. Varun Tankha, Adv.  
Mr. Sumeer Sodhi, AOR  
Mr. Prashant Sivarajan, Adv.  
Mr. Ujjawal Anand Sharma, Adv.  
Ms. Jhanvi Dubey, Adv.  
Ms. Suditi Batra, Adv.  
Mr. Hussain Ali, Adv.

Mr. P. Wilson, Sr. Adv.  
Mr. D. Kumanan, AOR  
Mr. Richardson Wilson, Adv.

Mr. M. Shoeb Alam, Adv.  
Ms. Fauzia Shakil, AOR

Mr. Manohar Lal Sharma, Petitioner-In-Person

Mr. Harish N Salva, Sr. Adv.  
Mr. Deepak Goel, AOR  
Mr. Kamal Kumar Pandey, Adv.

Mr. Vipin Kumar, Adv.  
Ms. Madhuri Gupta, Adv.

**Petitioner-In-Person**

Mr. Vikas Singh, Sr. Adv.  
Mr. Reepak Kansal, Adv.  
Ms. Deepieka Kalia, Adv.  
Mr. Arun Adlakha, Adv.  
Mr. Kuldeep Roy, Adv.  
Mr./Ms. Harisha S.R., AOR

Mr. Omprakash Ajitsingh Parihar, Aor  
Mr. Dushyant Tiwari, Adv.  
Mr. Yudhvir Dalal, Adv.

Mr. S.Muthukrishnan, Adv.  
Mr. S. Mahendran, AOR

**Petitioner-In-Person**

**For Respondent(S)/  
Applicant(S)**

Mr. K.K Venugopal, Ld AG  
Mr. Tushar Mehta, Ld SG  
Mr. K M Nataraj, Ld ASG  
Mr. Kanu Agrawal, Adv.  
Ms. Suhasini Sen, Adv.  
Mr. Chinmayee Chandra, Adv.  
Mr. Ankur Talwar, Adv.  
Ms. Vanshaja Shukla, Adv.  
Mr. Shyam Gopal, Adv.  
Mr. Raj Bahadur Yadav, AOR

Ms. Archana Pathak Dave, AOR

Mr. Ajay Choudhary, AOR

Mr. Chirag M. Shroff, AOR

Mr. Tushar Mehta, Ld. SG  
Ms. Garima Prashad, AOR  
Mr. Subodh Kumar Pathak, Adv.

Mr. P. Chidambaram, Sr. Adv.  
Mr. Atul Nanda, Ag Punjab  
Ms. Uttara Babbar, AOR  
Ms. Bhavana Duhoon, Adv.  
Mr. Manan Bansal, Adv.

Mr. B. V. Balaram Das, AOR

Mr. Prashant Bhushan, AOR (Not Joined VC)

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Mr. M.P. Devnath, AOR  
Mr. Vivek Sharma, Adv.  
Mr. Abhishek Anand, Adv.  
Mr. Abir Roy, Adv.  
Mr. Ishaan Saran, Adv.  
Mr. Vivek Pandey, Adv.

Mr. P. S. Narsimha, Sr. Adv.  
Mr. Ekansh Mishra, AOR

Ms. Swati Vaibhav, AOR

Mr. V. Chitambaresh, Sr. Adv.  
Mr. Ravindra Sadanand Chingale, AOR  
Mr. Ashish Sonawane, Adv.

Mr. Rahul Mehra, Adv.  
Mr. Chirag M. Shroff, AOR  
Ms. Abhilasha Bharti, Adv.  
Mr. Sushant Dogra, Adv.

Mr. AP Singh, Adv.  
Mr. VP Singh, Adv.  
Ms. Geeta Singh, Adv.  
Ms. Richa Singh, Adv.  
Mr. Sharwan Kumar Goyal, Adv.  
Mr. Sadashiv, AOR

Mrs. Revathy Raghavan, AOR

Mr. Ajay Bansal Adv AAG , Haryana  
Mr. Gaurav Yadava, Adv.  
Mr. Sanjay Kumar Visen, AOR

Mr. Tushar Mehta, Ld. SG  
Mr. Anil Grover ,Sr. AAG  
Ms. Noopur Singhal, Adv.  
Mr. Rahul Khurana, Adv.  
Mr. Satish Kumar, Adv.  
Mr. Sanjay Kumar Visen, AOR

Mr. V Shekhar, Sr. Adv.  
Mr. Rajeev Kumar Dubey, Adv.  
Ms. Sheetal Rajput, Adv.  
Mr. Ashiwan Mishra, Adv.  
Mr. Kamendra Mishra, AOR

Mr. Sridhar Potaraju, Adv.  
Mr. Gaichangpou Gangmei, Adv.  
Mr. Mukunda Rao, Adv.  
Ms. Shiwani Tushir, Adv.  
Ms. Ushasri, Adv.

Mr.Vishnu Tulashi Menon, Adv.

UPON hearing the counsel the Court made the following  
O R D E R

1. Applications for impleadment and intervention are allowed.
2. We have before us, three categories of petitions, all revolving around the validity or otherwise of three laws namely: (1) Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020; (2) Essential Commodities (Amendment) Act, 2020; and (3) Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, (hereinafter referred to as the '*farm laws*'), and the protest by farmers against these laws.
3. One category of petitions challenge the constitutional validity of the farm laws. Included within this category of petitions, is a petition under Article 32 challenging the validity of the Constitution (Third Amendment) Act, 1954, by which Entry 33 was substituted in List III (concurrent list) in the Seventh Schedule of the Constitution, enabling the Central Government also to legislate on a subject which was otherwise in the State List.
4. Another category of petitions are those which support the farm laws on the ground that they are constitutionally valid and also beneficial to the farmers. The third category of petitions are those filed by individuals who are residents of the National Capital Territory of Delhi as well as the neighbouring States, claiming that the agitation by farmers in the peripheries of Delhi and the consequent blockade of roads/highways leading to Delhi, infringes the fundamental rights of other citizens to move freely

# ANNEXURE 2

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throughout the territories of India and their right to carry on trade and business.

5. Though several rounds of negotiations have taken place between the Government of India and the farmers' bodies, no solution seems to be in sight. The situation on ground is: (i) that senior citizens, women and children are at site, exposing themselves to serious health hazards posed by cold and covid; (ii) that a few deaths have taken place, though not out of any violence, but either out of illness or by way of suicide.

6. Laudably, the farmers have so far carried on the agitation peacefully and without any untoward incident. But it was pointed out in the course of hearing that a few persons who are not farmers have also joined, with a view to show solidarity with the farmers. An apprehension was expressed that the possibility of some persons creating trouble cannot be entirely ruled out. In fact, a specific averment is made in an intervention application filed by one Indian Kisan Union, in I.A. No.3324/2021 in W.P.(C) No.1441/2020 that an organisation by name "Sikhs for Justice", which is banned for anti-India secessionist movement is financing the agitation. This averment is supported by the learned Attorney General also.

7. A few farmers' bodies who are now protesting, have engaged a team of lawyers comprising of Shri Dushyant Dave, Shri Colin Gonsalves, Shri H.S. Phoolka and Shri Prashant Bhushan to represent their cause. When Shri K.K. Venugopal, learned Attorney General submitted that there are reports that the farmers bodies may take out a tractor rally on January 26, 2021, disrupting the Republic Day Parade and celebrations, the same was stoutly denied by Shri



Dushyant Dave, learned senior counsel appearing for a few of the farmers' bodies on the ground that at least one member of the family of each of the farmers from Punjab is in the Army and that they would not disrupt the Republic Day celebrations. However, today this team of lawyers is absent.

8. Be that as it may, the negotiations between the farmers' bodies and the Government have not yielded any result so far. Therefore, we are of the view that the constitution of a Committee of experts in the field of agriculture to negotiate between the farmers' bodies and the Government of India may create a congenial atmosphere and improve the trust and confidence of the farmers. We are also of the view that a stay of implementation of all the three farm laws for the present, may assuage the hurt feelings of the farmers and encourage them to come to the negotiating table with confidence and good faith.

9. When we put across the above suggestions, the learned Attorney General, even while agreeing for the constitution of a Committee, opposed vehemently, the grant of any interim stay of the implementation of the farm laws. Drawing our attention to the law laid down by this Court in (1) Bhavesh D. Parish & Ors. vs. UOI & Anr.<sup>1</sup>; (2) Health For Millions vs. UOI & Ors.<sup>2</sup>; (3) State of UP & Ors. vs. Hirendra Pal Singh & Ors.<sup>3</sup>; (4) Siliguri Municipality & Ors. vs. Amalendu Das & Ors.<sup>4</sup>, the learned Attorney General contended that the Court should not stay the implementation of the

<sup>1</sup> 2005 (5) SCC 471

<sup>2</sup> 2014 (14) SCC 496

<sup>3</sup> 2011 (5) SCC 305

<sup>4</sup> 1984 (2) SCC 436

# ANNEXURE 2

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laws. He argued that none of the petitioners who have attacked the farm laws have pointed out any single provision which is detrimental to the farmers and that the laws enacted by Parliament cannot be stayed by this Court, especially when there is a presumption in favour of the constitutionality of legislation.

10. Though we appreciate the aforesaid submission of the learned Attorney General, this Court cannot be said to be completely powerless to grant stay of any executive action under a statutory enactment. Even very recently this Court passed an interim Order in *Dr. Jaishri Laxmanrao Patil Vs. The Chief Minister & Anr.* (Civil Appeal No.3123 of 2020) directing that admissions to educational institutions for the Academic Year 2020-21 and appointments to public services and posts under the Government shall be made without reference to the reservation provided under the impugned legislation.

11. As a matter of fact, some of the farmers' bodies who are opposing the Farm Laws and who are represented before us through counsel, have agreed to go before the Committee. Mr. P Wilson, learned senior counsel representing one section of farmers from Tamil Nadu welcomed the proposal to stay the implementation of the Laws and the constitution of the Committee and stated that his client would go before the Committee. Similarly, Mr. A.P. Singh, learned counsel appearing for *Bhartiya Kisan Union [BHANU]* also submitted that the representatives of the Union will participate in the negotiations. He even went to the extent of saying that elders, women and children will be dissuaded from being there at the site of protest. Mr. Ajay Choudhary, learned counsel for Kisan

Maha Panchayat, submitted that the farmers from Rajasthan, who are protesting at the border of Rajasthan, are willing to appear before the Committee and air their grievances.

12. Mr. V. Chitambaresh, learned senior counsel, appearing for Bhartiya Kisan Sangh, the applicant in IA No. 136682/2020 in WP[C] No. 1118/2020 submitted that the Union which he represents is not aggrieved by the Farm Laws. Mr. Sridhar Potaraju, learned counsel appearing for the the Consortium of Indian Farmers Association (CIFA) submits that his client represents 15 farmers' unions across 15 States and that they will be badly affected if a stay of the implementatoin of the Farm Laws is ordered. This is for the reason that the farmers whom he represents, cultivate fruits and vegetables and that about 21 million tonnes of fruits and vegetables will rot, if anything is done at this stage.

13. Insofar as the apprehension regarding MSP [Minimum Support Price] being done away with, it is submitted across the Bar that the same may not be dismantled. The learned Solicitor General also confirmed that there are inherent safeguards, in-built in the Farm Laws, for the protection of the land of the farmers and that it will be ensured that no farmer will lose his land.

14. Having heard different perspectives, we deem it fit to pass the following interim Order, with the hope and expectation that both parties will take this in the right spirit and attempt to arrive at a fair, equitable and just solution to the problems:

- (i) The implementation of the three farm laws 1) Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020; (2) Essential Commodities (Amendment) Act, 2020; and (3)

# ANNEXURE 2

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15. While we may not stifle a peaceful protest, we think that this extraordinary order of stay of implementation of the farm laws will be perceived as an achievement of the purpose of such protest at least for the present and will encourage the farmers bodies to convince their members to get back to their livelihood, both in order to protect their own lives and health and in order to protect the lives and properties of others.

16. List the matters after eight weeks.

I.A. No.4714/2021 in WP(C) No.1441/2020 AND I.A. NO.4719/2021 IN WP(C) NO.1118/2020

Taken on Board.

Issue notice returnable on 18.01.2021.

(SANJAY KUMAR-II)  
ASTT. REGISTRAR-cum-PS

(INDU KUMARI POKHRIYAL)  
ASSISTANT REGISTRAR

Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, shall stand stayed until further orders;

(ii) As a consequence, the Minimum Support Price System in existence before the enactment of the Farm Laws shall be maintained until further orders. In addition, the farmers' land holdings shall be protected, i.e., no farmer shall be dispossessed or deprived of his title as a result of any action taken under the Farm Laws.

(iii) A Committee comprising of (1) Shri Bhupinder Singh Mann, National President, Bhartiya Kisan Union and All India Kisan Coordination Committee; (2) Dr. Parmod Kumar Joshi, Agricultural Economist, Director for South Asia, International Food Policy Research Institute; (3) Shri Ashok Gulati, Agricultural Economist and Former Chairman of the Commission for Agricultural Costs and Prices; and (4) Shri Anil Ghanwat, President, Shetkari Sanghatana, is constituted for the purpose of listening to the grievances of the farmers relating to the farm laws and the views of the Government and to make recommendations. This Committee shall be provided a place as well as Secretarial assistance at Delhi by the Government. All expenses for the Committee to hold sittings at Delhi or anywhere else shall be borne by the Central Government. The representatives of all the farmers' bodies, whether they are holding a protest or not and whether they support or oppose the laws shall participate in the deliberations of the Committee and put forth their view points. The Committee shall, upon hearing the Government as well as the representatives of the farmers' bodies, and other stakeholders, submit a Report before this Court containing its recommendations. This shall be done within two months from the date of its first sitting. The first sitting shall be held within ten days from today.

# ANNEXURE 3

## Annexure-III

### No. of Farmers Unions (FU) and Farmer Producer Organizations (FPOs) invited for interactions with the Committee

S. No.	Date	Number of Farmer Unions and FPOs invited	FU/FPO	Protesting Farmer Unions
1.	21.01.2021	42	FU	4
2.	29.01.2021 (11.00AM) 29.01.2021 (2.30 PM)	37  34	FU	8
3.	03.02.2021	61	FU and FPOs	4
4.	04.02.2021	38	FPO	-
5.	12.02.2021	54	FPO and FU	25
6.	23.02.2021	40 (1 39 Protesting Unions)	FU	
	<b>Total</b>	<b>306</b>		<b>41</b>
<b>Total Number of Farmer Unions and FPOs invited for meeting 306-41+1= 266</b>				

These farmer unions and FPOs belong to following States/UTs:-

1. Telangana	16. Manipur
2. Tamil Nadu	17. Delhi
3. Odisha	18. Assam
4. Rajasthan	19. Meghalaya
5. Uttarakhand	20. Haryana
6. Uttar Pradesh	21. Mizoram
7. Andhra Pradesh	22. Bihar
8. Karnataka	23. Sikkim
9. Kerala	24. West Bengal
10. Maharashtra	25. Himachal Pradesh
11. Madhya Pradesh	26. Jharkhand
12. Punjab	27. Tripura
13. Gujarat	28. Nagaland
14. Jammu & Kashmir	29. Arunachal Pradesh
15. Chattisgarh	

# ANNEXURE 4

## Meetings held by the Committee

S.No	Date	Meeting With	Participants	States Represented
1.	21/01/2021 11:00 AM	Farmers' Unions	10	8
2.	29/01/2021 11:00 AM	Farmers' Unions	17	11
3.	03/02/2021 11:00 AM 04/02/2021 11:00 AM	Farmers Organization FPOs	32	9
4.	05/02/2021 11:00 AM	Private Markets and State Agriculture Marketing Board	10	Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh, Kerala, Jammu & Kashmir, Rajasthan, Gujarat, Haryana, Tripura
5.	09/02/2021 10:30 AM	Industry Bodies	18	Amul, ITC, FCI, Sugna Foods, Horticulture Produce Exporters Association, Venkateshwara Hatcheries, CII, FICCI, APEDA, Seafood Exporters Association, All India Rice Miller Association, All India Rice Exporters Association, Tractor Manufacture Association, Cotton Association of India, Fertilizer Association of India, India Pulses and Grain Association, All India Poultry Feed Manufacturer Association, MPEDA
6.	11/02/2021 10:30 AM	State Governments	18	Karnataka, Maharashtra, Tamil Nadu, Kerala, Uttarakhand, Andhra Pradesh, Jammu & Kashmir, Meghalaya, Arunachal Pradesh, Assam, Andaman & Nicobar Islands, Dadar and Nagar Haveli and Daman & Diu, Goa, Himachal Pradesh, Nagaland, NCT of Delhi, Punjab, Sikkim
7.	12/02/2021 10:30 AM	Farmers Group	12	8
8.	15/02/2021 10:30 AM	Professionals and Academicians	7	

# ANNEXURE 4

9.	18/02/2021 11:00 AM	With Government Officials and Procurement Agencies	11	Secretary (Agri), Chairman (CACP), Addl. Secretary & Joint Secretary (Deptt. of Consumer Affairs), Managing Director (NAFED) participated in person and Chairman & Deputy Managing Director (NABARD), Managing Director (SFAC), Adviser (FCI), Secretary (Food Processing Industries) & Managing Director (National Horticulture Board)
10.	23/02/2021 10:30 AM	With Office bearers of All India Kisan Coordination Committee (AIKCC)	7	
		<b>TOTAL</b>	<b>142</b>	





