



Government of India

# PUTTING FARMERS FIRST



# Need for Reform

- **Disparity between Agriculture & other sectors despite economic liberalisation**
- Fragmented and insufficient markets with high market fees & charges
- Inadequate infrastructure and credit facilities
- Information asymmetry
- Restriction in licensing

# Farmer's Produce Trade and Commerce (Promotion and facilitation) Act, 2020

- **Freedom of Choice** of sale & purchase of farmers' produce at remunerative prices
- Efficient transparent and barrier free inter and intra-state trade and commerce outside physical premises of APMCs
- APMCs will continue to function: Act provides farmers with additional marketing channels
- **No bearing on MSP**
- Payment has to be made to farmers on the same day or within 3 working days where procedure so requires
- Permits online trading

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

- Legal framework for agreements between farmers and sponsors for purchase of farming produce and provision of farm services entered into before harvest
- Guidelines for model farming agreements by Central Government
- Price of the produce will be clearly mentioned in the contract
- Clearly specified dispute resolution mechanism: **Protecting rights of both farmers and buyers**

# Essential Commodities (Amendment) Act, 2020

- Act invoke only in an extraordinary situation:
  - War
  - Famine
  - Extraordinary price rises
  - Natural calamities
- **Imposition of stock limits only be based on price rise** and can only be imposed if there is 100% increase in retail price of horticultural produce and a 50% increase in the retail price of non-perishable produce

## Benefits of Farm Reforms

- Single unified market
- Freedom for farmers to sell their produce to whom they want and where they want
- End of APMC cartel monopoly
- MSP continues to act as safety net for farmers
- Legal framework protecting farmer rights
- Reduction in market fees, taxes etc. and better price discovery
- Development of infrastructure close to farm gate
- Contract farming: Form of price assurance and boost linkages with food processing sector

**Farming can become profitable even for small & marginal farmers**

# Benefits of Farm Reforms

S.No.	Before Reforms	After Reforms
1	Can sell notified farm produce only in APMC Mandl Monopoly of middlemen Cartels of traders could keep prices artificially low	Freedom of choice to sell in APMC mandl or choose any other seller Multiple options to sell Better price realisation through Competition
2	Once produce brought to mandl, farmer has to accept whatever price is offered	Can bargain for price even at door step
3	Pay mandl, fee, commission, and other charges borne by producers and consumers	No fee, no commission Large savings to benefit producers and consumers.
4.	Large price spread Fragmented markets Long chain of Intermediaries	Higher share of producer in consumer's payment Low cost of logistics Minimum or no Intermediary
5.	No opportunity for farm youth to trade agri commodities	Rural farm youth will get opportunity to trade and run supply chain.
6.	Cannot directly sell to consumers bypassing middle men	Can sell directly to anyone by passing middlemen and earn higher price

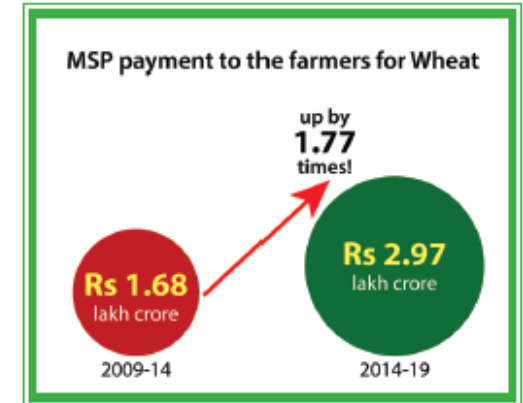
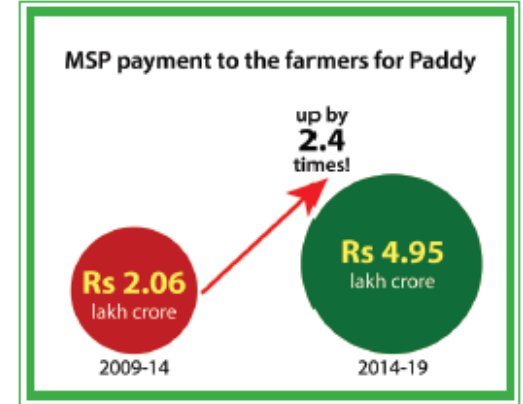
# Benefits of Farm Reforms

S.No.	Before Reforms	After Reforms
7.	Freedom to sell fruits and vegetables outside of APMC mandi existed in many states	This freedom is extended to all agri produce and all over the country
8.	Small land holders do not have scale and bargaining power in input and output markets	Empowered to access to modern input, services and protection against price risk Farmer Producer Organisations help small farmers' organise for better bargaining power
9.	Contract farming restricted to some pockets and bureaucrat control	Contract on terms favourable to farmers Farmers can get pre-decided prices based upon agreements with buyers
10.	Farmers not part of value chains	Farmers can be partner in value chain
11.	Exports getting uncompetitive due to long chain of intermediaries and poor logistics	Export competitiveness will increase and benefit farmers



# Increase in Procurement from Farmers

- Compared with 2009-10 to 2013-14, MSP payment increased during last 5 years by
  - **2.4 times for paddy** (Rs. 4.95 lakh crores)
  - **75 times for pulses** (Rs. 49,000 crores)
  - **10 times for oilseeds and copra** ( Rs. 25,000 crores)
  - **1.77 times for wheat** (Rs. 2.97 lakh crores)



## Myth vs Reality

<b>Myth</b>	<b>Reality</b>
Farmers will not benefit from Farm Laws	Farmers can choose their buyers and decide their price
No scope for dispute resolution for farmers	Act promotes dispute resolution in a time bound manner with minimum cost at the level of local SDM's
Farmers won't get timely payment	Buyers to pay farmers on the same day or within 3 days on agreement
Farmer organisations will not benefit	All Farmer Organisations will be treated as "Farmers" and they will get the same benefits
MSP will not continue	MSP will continue as before
FCI will stop procurement from farmers	FCI and other Government agencies will continue procurement from farmers as before

## Myth vs Reality

<b>Myth</b>	<b>Reality</b>
Farmers need license to sell outside APMC mandis	Farmers can sell produce outside mandis to buyer who gives best price; without registration/ transaction fee
APMC mandis will close down in future	Mandi system will continue as before
Act invades rights of State APMCs	Act does not dilute APMC Act. It allows for additional trade outside mandis
Act doesn't safeguard farmer payments	Act provides sufficient guidelines to safeguard farmers interests
Act will lead to agriculture land acquisition by corporates	Act bars transfer of farmer land/ permanent structure.

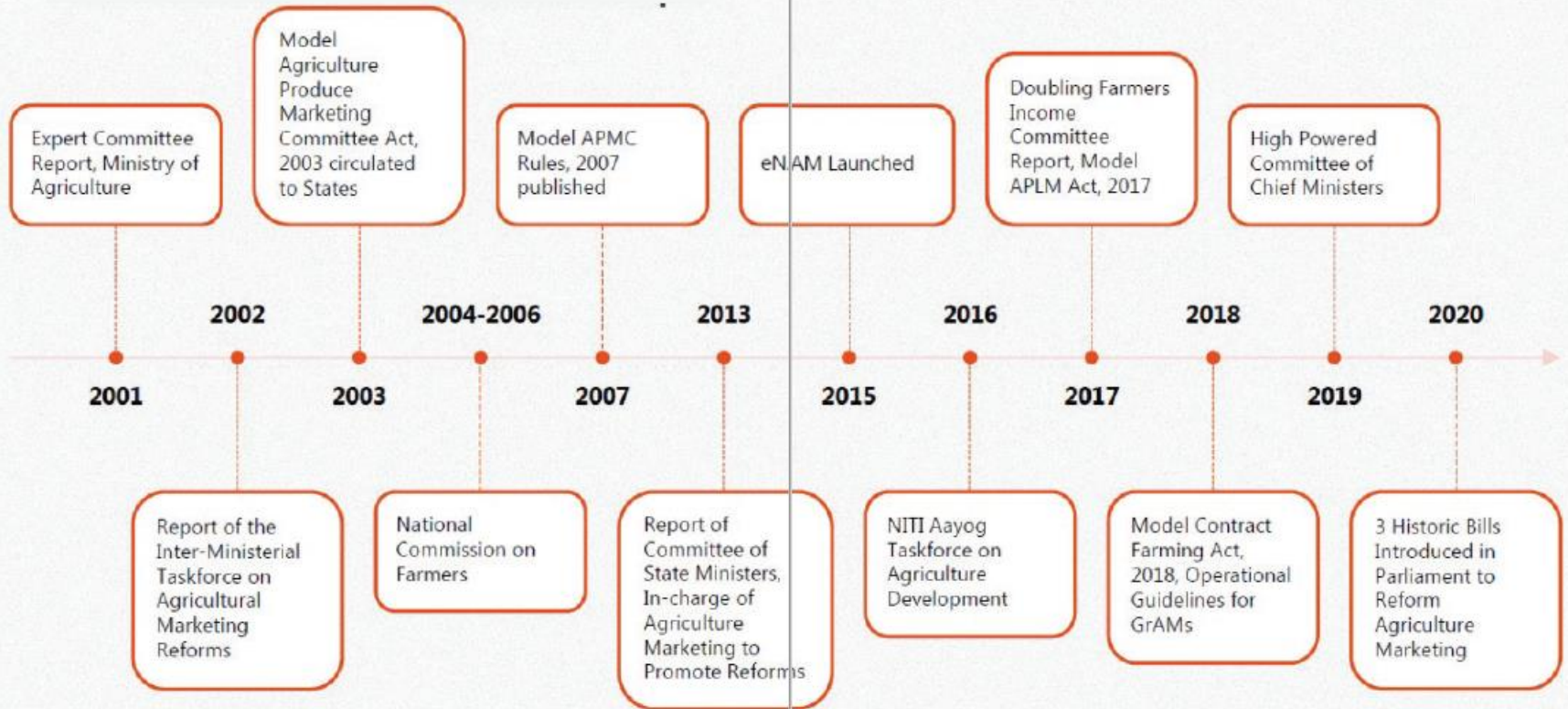
## Consultation Process

- Stakeholder consultations on agriculture issues have continued for past two decades by various Governments
- Expert Committee (2000) under Shri Shankarlal Guru suggested inter-alia repeal of Essential Commodities Act, 1955, promotion of direct marketing and involvement of private sector in marketing extension services
- Inter-Ministerial Task Force (2002) recommendations include revitalisation of marketing system, reforms in APMC Act and encouraging contract farming
- Model APMC Act, 2003 on agriculture marketing formulated in consultation with State Governments: Model APMC Rules formulated in 2007
  - **Model APMC Act, 2003 adopted by 18 States**

## Consultation Process

- National Commission on agriculture under Shri M.S. Swaminathan (2006) recommended promotion of Unified National Market
- Committee of State Ministers in charge of agricultural marketing constituted for extensive consultations (2010)
- Formulation of Model APLM Act, 2017 to remove fragmentation of market and promotion of National Market for Agriculture Produce
  - **Adopted by 5 States**
- Regular engagement with States has continued before promulgation of the Farm Ordinances (June 2020)
- Extensive steps taken to sensitise farming communities, FPOs and cooperatives for awareness of **One Nation, One Market**

# Consultation Process: Timeline



**THANK YOU**