

Bill Summary

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services (Maharashtra Amendment) Bill, 2021

- The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services (Maharashtra Amendment) Bill, 2021 was introduced in the Maharashtra Assembly on July 6, 2021. The Bill amends the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, in its application to the state of Maharashtra. The central Act provides a framework for farmers to engage in contract farming, i.e., farming as per an agreement with the sponsor (buyer) before sowing, under which the farmer sells his produce to the sponsor at a pre-determined price. The Bill prescribes additional price-related conditions for parties entering into the farming agreement and punishment for harassment of farmers.
- **Farming Agreement:** The central Act specifies that the price to be paid by the sponsor for the purchase of the produce may be mentioned in the farming agreement. In case the price is subject to variation, the agreement must include: (i) a guaranteed price to be paid for such produce, (ii) a clear price reference for any additional amount over and above the guaranteed price, including bonus or premium, and (iii) the method for determining such prices. The price references may be linked to the prices prevailing in the APMC market yards or any other suitable benchmark prices.
- The Bill adds that in agreements for the sale or purchase of crops the price paid must be equal to or higher than the Minimum Support Price (MSP). MSP is the price announced by the central government for the purchase of crops, based on the recommendations of the Commission for Agricultural Costs and Prices.
- However, the farmer and sponsor may mutually agree to fix the price in the agreement below MSP for up to two years. If MSP is not declared for any crop, the farmer and sponsor can make an agreement at a mutually agreed price.
- **Dispute resolution mechanism:** The central Act requires a farming agreement to provide for a conciliation board (comprising of representatives of parties to the agreement) and a conciliation process for settlement of disputes. If the dispute remains unresolved after 30 days, the parties may approach the Sub-Divisional Magistrate (SDM) for resolution. Further, any party can appeal against the SDM's order to the Appellate Authority, who will be the Collector or an Additional Collector nominated by the Collector.
- The Bill also provides a similar dispute resolution mechanism for any disputes arising out of a transaction between farmers and sponsors. However, the Bill assigns the dispute resolution functions of SDM and Collector to the Competent Authority and Appellate Authority, respectively. Both the Authorities will be prescribed by the state government.
- **Punishment for harassment of farmers:** The Bill states that if a sponsor fails to: (i) pay the farmer on time, or (ii) pay the agreed price to the farmer as per the farming agreement, the sponsor will be punished with imprisonment of at least three years.

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