

# Bill Summary

## The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services (Special Provisions and Punjab Amendment) Bill, 2020

- The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services (Special Provisions and Punjab Amendment) Bill, 2020 was introduced in and passed by the Punjab Assembly on October 20, 2020. The Bill amends the central Act, the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, in its application to the state of Punjab. The Bill mandates the sale and purchase of wheat and paddy (under farming agreements) at prices not below the Minimum Support Price. The Bill will override any other law currently in force.
- **Minimum Support Price (MSP):** The central Act provides for a farming agreement prior to the production or rearing of any farm produce. This allows farmers to make an agreement with buyers before sowing, to sell the produce at a fixed, pre-determined price. The Bill provides that such pre-determined prices (for wheat or paddy) should not be below the MSP. The MSP is fixed by the central government, based on the recommendations of the Commission for Agricultural Costs and Prices (CACP), a statutory body.
- If a buyer compels a farmer to enter into a contract or sell farm produce, at a price below MSP, it will be considered as an offence. Such an offence will be penalised with an imprisonment term of at least three years and a fine. Buyers include, persons, companies, corporate houses or any other association or body of persons.
- **Power of civil courts:** The central Act prohibits civil courts from adjudicating over disputes under the Act. The Bill allows farmers to approach civil courts or avail other remedies under existing laws, including the central Act.
- **Fee on trade carried outside markets:** The Bill empowers the state government to levy a fee (on private traders or electronic trading platforms) for trade and commerce outside the markets established under the Punjab Agricultural Produce Markets Act, 1961. Such fees collected will be utilised towards setting up a welfare fund for small and marginal farmers.
- **Special provisions for Punjab:** The Bill provides that the Punjab Agricultural Produce Markets Act, 1961 will continue to apply in Punjab, as it did prior to the enactment of the central Act (i.e. June 4, 2020). Further, all notices issued by the central government or any authority under the central Act will be suspended. Also, no punitive action will be taken for any violation of the provisions of the central Act.
- **Powers of state government:** The state government may also issue directions or notify Rules to give effect to provisions of the Bill.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.