

Bill Summary

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services (Rajasthan Amendment) Bill, 2020

- The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services (Rajasthan Amendment) Bill, 2020 was introduced in and passed by the Rajasthan Assembly on November 2, 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 Rajasthan. The central Act provides a framework for contract farming, i.e. farming as per an agreement with the buyer before sowing, under which farmer sells produce to the buyer at a pre-determined price. Buyers include persons, companies, corporate houses, or any other association or body of persons. The Bill prohibits the sale and purchase of crops under farming agreements at prices below the Minimum Support Price. It will also override any other law currently in force.
 - **Minimum Support Price (MSP):** The Bill provides that pre-determined prices for a crop 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.
 - **Harassment of farmers:** The Bill defines harassment of farmers to include a buyer: (i) compelling a farmer to enter into a contract to sell farm produce below MSP, or (ii) refusing to accept produce or take delivery of goods (under an agreement) within a week from date of intimation by the farmer. Such an offence will be punishable with imprisonment between three and seven years, or a fine of at least five lakh rupees, or both.
 - **Fee on farming produce:** The central Act exempts the application of any state Act to any farming produce under farming agreements. The Bill amends the central Act to provide for the levy of fee /cess /charges under the Rajasthan Agricultural Produce Markets Act, 1961 on farming produce under farming agreements. Such charges are to be borne by buyers only and not by farmers. Further, such charges collected
- will be utilised for the welfare of farmers and the development of market infrastructure.
- **Imposition of stock limits:** The central Act prohibits the imposition of stock limits on farming produce under a farming agreement. The Bill empowers the state government to impose stock limits, under certain conditions, on any farm produce under a farming agreement. The conditions are: (i) if there is a shortage of such farm produce in the state, or (ii) if there is a 25% increase in prices of such produce beyond the maximum price which was prevailing in the market (within two years before passing of such an order by the state government).
 - **Dispute Settlement:** The central Act allows farming agreements to provide for the setting up of a Conciliation Board consisting of the representatives of parties to the agreement. In the absence of such a mechanism any party may approach the concerned Sub-Divisional Magistrate for a resolution. The Bill replaces the Conciliation Board and empowers the market committee (set up under the 1961 Act) to resolve disputes related to farming agreements. A market committee provides facilities for and regulates the marketing of agricultural produce in a designated market area.
 - **Power of civil courts:** The central Act does not prescribe jurisdiction of civil courts over disputes under the Act. The Bill provides that the jurisdiction of civil court over disputes will be as per the state APMC Act and rules under it. Note that, the 1961 Act prohibits civil courts from adjudicating over disputes related to trade allowance and contract farming agreements under the Act.
 - **Special provisions for Rajasthan:** The Bill provides that the 1961 Act will continue to apply in Rajasthan, as it did prior to the enactment of the central Act (i.e. June 4, 2020). Further, all notices issued by the centre 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.

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