

Farmers Agreement on Price Assurance and Farm Services Ordinance

July 9, 2020

The Central Government has been making comprehensive interventions to impart **efficiency and effectiveness to agricultural marketing**, with the aim of raising the income of the farmers. The ordinance will 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.

The Ordinance

- The Ordinance provides for a **farming agreement prior to the production or rearing of any farm produce**, aimed at facilitating farmers in selling farm produce to sponsors. State governments may establish a **registration authority to provide for the electronic registry of farming agreements**. The agreement may provide for mutually agreed terms and conditions for supply, quality, standards and price of farming produce as well as terms related to supply of farm services.
- Farming produce under a farming agreement will be **exempted from all state Acts aimed at regulating sale and purchase of farming produce**. These products will be **exempted from provisions of the Essential Commodities Act, 1955** and will not have any stock limit obligations.
- The price to be paid for the purchase of a farming produce will be mentioned in the agreement. **In case of prices subjected to variations**, the agreement must include: (i) a guaranteed price to be paid for such

produce, and (ii) a clear reference for any additional amount over and above the guaranteed price, including bonus or premium.

- The Ordinance requires a farming agreement to provide for a **conciliation board as well as a conciliation process** for settlement of disputes. The Board should have a fair and balanced representation of parties to the agreement. At first, all disputes must be referred to the board for resolution. If the dispute remains unresolved by the board after thirty days, parties may approach the **Sub-divisional Magistrate** for resolution. Parties will have a right to appeal to an **Appellate Authority** (presided by collector or additional collector) against decisions of the Magistrate.