

# Tamil Nadu Contract Farming Law

June 29, 2020

## Relevance for UPSC exam

Tamil Nadu has become the first State to enact a law on contract farming, based on the lines of a model legislation put out by the Ministry of Agriculture & Farmers' Welfare, with President Ram Nath Kovind giving assent to the Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act.

## What is contract farming?

- It is defined as a written agreement between a farmer and a buyer for producing an agricultural produce/product or rearing livestock.
- It covers a whole range of activities in the entire agri-value chain-from pre-production to production to post-production. Farmers could get support from purchasers for improving productivity by way of inputs, feed and fodder and technology.
- No genetically modified crops are permitted. Price, quantity and the delivery schedule are fixed during negotiations between the two parties.
- The Act, while permitting farmers to lease out their agricultural land or premises to buyers, however prohibits the latter from raising any permanent structure or creating any kind of leasehold rights or any kind of charge of whatever nature on lands of farmers.

## Contract farming in India

With a view to integrate farmers with bulk purchasers including exporters and agro- industries for better price

realization through mitigation of market and price risks to the farmers and ensuring smooth agro raw material supply to the agro industries, Model Contract Farming Act was brought.

### **Features of the Act:**

- The Act lays special emphasis on protecting the interests of the farmers, considering them as weaker of the two parties entering into a contract.
- Contracted produce is to be covered under crop / livestock insurance in operation.
- Contract framing to be outside the ambit of APMC Act.
- No permanent structure can be developed on farmers' land/premises.
- No right, title of interest of the land shall vest in the sponsor.
- Promotion of Farmer Producer Organization (FPOs) / Farmer Producer Companies (FPCs) to mobilize small and marginal farmers has been provided.
- Accessible and simple dispute settlement mechanism at the lowest level possible provided for quick disposal of disputes.
- It is a promotional and facilitative Act and not regulatory in its structure.

**Source: *The Hindu, Deccan Chronicle***