

The Farmers Agreement on Price Assurance and Farm Services Bill, 2020

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In news

Recently, Parliament passed the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020

Key features of the bill

- It provides a **framework for farmers to engage in contract farming**, i.e. farming as per an agreement with the buyer before sowing, under which farmer sells produce to the buyer at a predetermined price
- It allows intra-state and inter-state trade of farmers' produce beyond the physical premises of APMC markets
- Period of agreement:
 - The **minimum period** of an agreement will be **one crop season**, or one production cycle of livestock.
 - The **maximum period will be five years**.
 - For production cycle beyond five years, the maximum period will be mutually decided by the farmer and the sponsor
- **The price to be paid for purchase of produce may be mentioned in the agreement**. In case the price is subject to variation, the agreement must include:
 - a minimum guaranteed price, and
 - a clear price reference for any additional amount over and above the guaranteed price, including bonus or premium
- **Exemptions:** Farming produce under a farming agreement

will be **exempted from all state APMC Acts** and from any stock limit obligations applicable under the Essential Commodities Act, 1955.

- **It provides for a three-level dispute settlement mechanism:** the conciliation board, Sub-Divisional Magistrate and Appellate Authority.