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The Power of Collaboration

Comprehensive Report on

Agricultural Reforms

In India



Overview of the New Farm Laws

With a view to empower the food-growers to become independent traders of their produce, the government has recently promulgated 3 Farm legislations. The Parliament of India has recently rolled out the 3 noteworthy Farm Acts in order to enable and assist farmers to conduct interstate trade.

These are listed below:

***Farmer's Produce Trade & Commerce
(Promotion & Facilitation) Act, 2020;***

***The Farmers (Empowerment & Protection)
Agreement on Price Assurance & Farm
Services Act, 2020***

***Essential Commodities (Amendment) Act,
2020***





Objective behind **New Farm Laws**

The main intent behind passing these 3 laws is to develop an all-new growth-oriented ecosystem that will enable the farmers to reap the benefits of the discretion of buying & selling their own produce; something which is a right of a farmer, not a privilege.

These are intended to rule out all trade barriers to smooth unrestricted inter & intra-state trade & commerce of Agricultural produce.

It is an evident fact before the introduction of these Acts, the agricultural was restricted to physical limits of Agri-markets till date. These agricultural marketplaces were notified and were partly governed by the State-level Agriculture Produce Marketing Committees (APMCs), known as Mandi Samitis in common parlance.

However, these days there is much controversy regarding the effectiveness of these new farm laws. The conflict, which has taken form of the farmers' protests in Delhi, is mainly due to the lack of proper dissemination of the information of these farm laws



Scope of New Farm Laws in Agricultural Reforms in India

There is no doubt that the motive behind the recently introduced 3 Farm Acts is to protect the interest of the food growers of India and to promote their trade. Although, there is dissension against these laws these days, we have made a serious effort to address the queries raised by farmers and citizens regarding the laws, with help of FAQs.

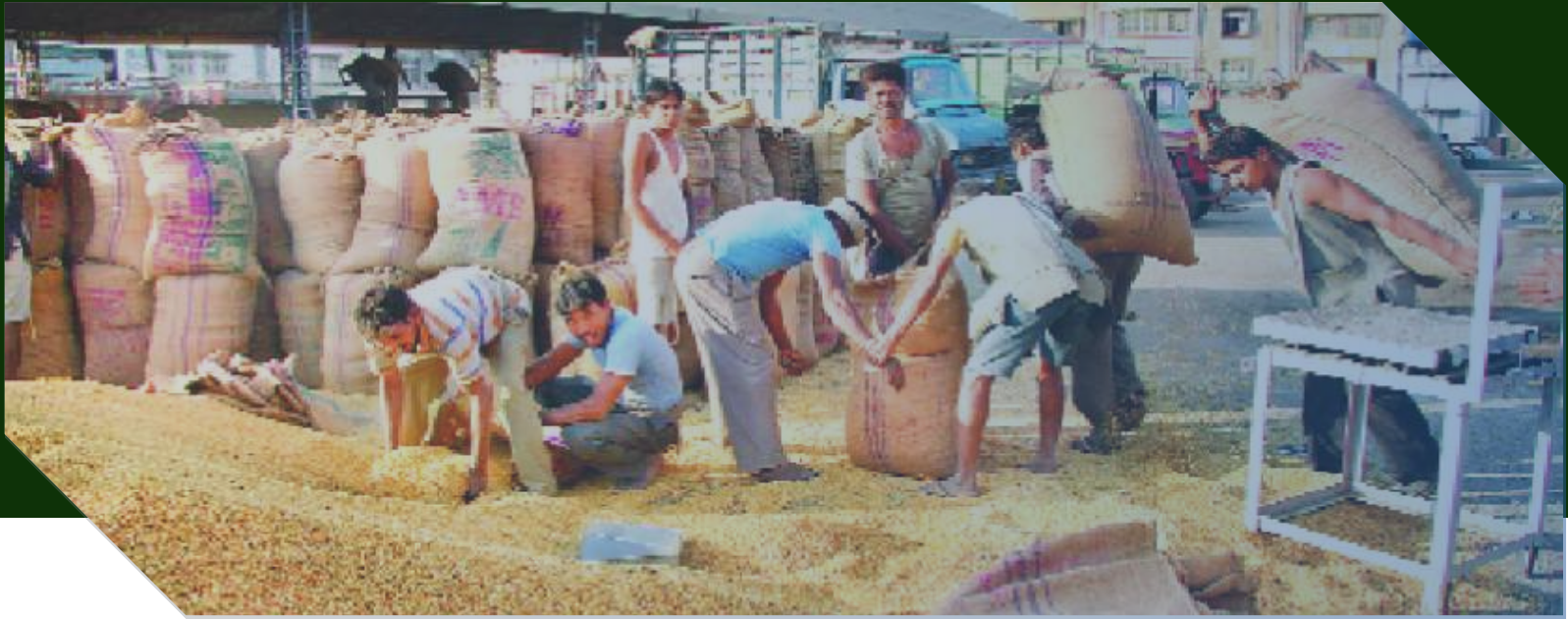
We are presenting here a comprehensive report on the Agricultural Reforms in India that are intended to be brought through the new Farm laws. With the help of frequently asked questions (FAQs) based on the general queries of the farmers and other citizens of India, we have made every possible effort in elaborating every aspect of the above 3 farm related legislations, so as to throw light on their significance in the Indian agricultural sector.

1. Whether MSP will be affected after passing of 3 Farm Laws?



No. The 3 Farm Laws will not affect the Minimum Support Price (MSP) of the crops. Moreover, these laws are meant to protect the MSP and interest of the farmers.

2. How will the farm laws protect the MSP of the crops?



The Farmers' Produce Trade & Commerce (Promotion and Facilitation) Act, 2020 will enable the Agri-trade beyond the physical limit of the state-level APMC markets.

❑ Earlier, the State governments with the help of the commission agents also called *arhatiyas*, used to charge additional market fee on the farmers, who came to APMC markets to sell their produce. Henceforth, they are not allowed to charge the market fee, cess or any such levy.

❑ The result will be that the farmers will not be compelled to sell his produce below the MSP, since now nobody can charge him any superfluous levy, something that brings down the price of agri-produce.

3. How will the farm laws protect the MSP of the crops?

The As per the Farmers' Produce Trade & Commerce (Promotion and Facilitation) Act, 2020, the entity that wishes to trade with the farmers shall be required to have an electronic registration in order to do so.

Business entities having a PAN registration, a Farmer Producer Organisation (FPO), or an agricultural co-operative society shall be required to establish and operate an electronic trading & transaction platform. This will enable the inter & intra-State trade & commerce of the scheduled farmers' produce inside a trading region.

All trader dealing with the farmers are supposed to do entire payment for the traded Agri-produce on the same day itself.

However, 3 additional working days may be given for late payment in some specific cases. Importantly, this relaxation shall be given only on the issuing of a delivery challan to the farmer, which shall clearly specify the payment amount due. This delivery challan shall be given to the farmer before buying his produce.

Hence, we see that the interests of the farmers shall now be safeguarded through this law, and now they can't be duped by any trader.

4. What will be the role of *arhatiyas* after these laws?



After the implementation of the new Farm laws, the role of the commission agents or the *arhatiyas* shall be almost side-lined.

This is because the Farmers' Produce Trade & Commerce (Promotion and Facilitation) Act, 2020 prohibits levying of market fee. Abolishment of the market fee is the most important aspect of this legislation. This will be truly a breakthrough in the agricultural sector since independence. Additionally, the *arhatiyas* shall not be allowed to levy any market fee on the electronic trading platforms that carry out farm produce trade outside the trade area.

Now, the farmers can freely sell their produce at a fair price above the MSP due to absence of unnecessary charges..



5. Whether Contract farming leads to exploitation of farmers?

No. Although, the new Farm laws facilitate contract farming, it does not imply or result in any exploitation of the farmer.

The Farmers Agreement on Price Assurance and Farm Services Act 2020 provides for a nationwide framework to carry out contract farming.

This shall be done through an agreement between the farmer and the buyer of his produce.

This agreement shall be signed before the starting the production or rearing of a farm produce.

Besides, this agreement provides for a 3-tier dispute management mechanism:

- I. Conciliation board,
- II. Sub-Divisional Magistrate and
- III. Appellate Authority.



6. How will new system ensure justice to farmers in a dispute?

As mentioned above, the new legislation provides for contract farming through an agreement between the farmer and the buyer entity. This agreement will provide for a 3-level dispute management system.

Here is the systematic process for the dispute settlement:

❑ **Step1:** First, the dispute has to be taken to the Conciliation board. The case has to be settled within 30 days, otherwise —

❑ **Step2:** Both parties have to approach to the Sub-divisional Magistrate.

❑ **Step3:** If not satisfied with the decision Sub-divisional Magistrate (SDM), they may opt to file appeal to the Appellate Authority, which will be headed by a Collector/Additional Collector. Their decision will be final.

The above system is effective and fair for the farmers. Under the proposed system, all disputes shall be settled in a time bound manner and at the SDM level. The case need not to be taken to High Court or Supreme Court level, something which a small farmer can't afford.

7. How fast will be the dispute resolution mechanism?

There is no doubt that the new Farm laws seek for fast dispute resolution. As a matter of fact, both the Sub-divisional Magistrate & Appellate Authority shall get 30 days' time to resolve a farm dispute, and this means the fair verdict shall be given within 30 days only.



8. What about the safety of the farmer's land?



The new farm laws seek for complete protection of the farmers' lands under all circumstances.

The Farmers Agreement on Price Assurance and Farm Services Act 2020 clearly states that adjudicating authorities may impose certain penalty on the violator of the farm agreement. However, in any case, **no penal action shall be taken against the farmer's land** for recovery of the dues or any purpose whatsoever..

9. What are the minimum & maximum tenors of a Farm Agreement?

As per the new law, the durations for a farm agreement are as follows:



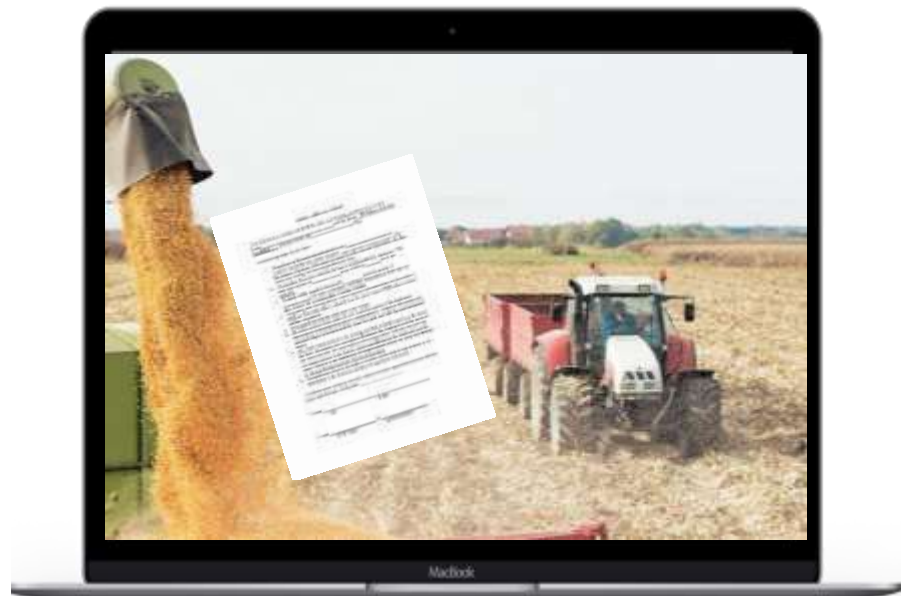
Minimum Tenor

1 crop season. In case of livestock, it is 1 production cycle.



Maximum tenor

5 years, which may be extendable in case the production cycle is longer.



10. Which are essential commodities?

As per the Essential Commodities (Amendment) Act, 2020, the essential commodities are as follows:



Central Government may under exceptional circumstances control the supply chain of the aforesaid food items.

11. What will government do to mitigate problem of sugarcane farmers?



In order to provide relief to sugarcane farmers and to settle their outstanding dues, Government has approved the [export subsidy](#) of **₹3,500 crore** to the sugar mills for the export of 60 lakh tonnes of the sweetener during AY 2020-21. The amount of subsidy shall be directly transferred to the farmers' bank accounts.

12. Is rolling back new Farm laws really a solution?

No. Rolling back of the new Farm laws can never be in the favour of the farmers.

The 3 farm laws offer 3 basic freedoms to the farmers:

i. Freedom to sell farm produce to any buyer.

ii. Freedom to keep inventory, which was restricted due to stocking limit of erstwhile Essential Commodities Act. This will further boost new cold storages, and will offer farmers new opportunities to sell them directly.

iii. Freedom to make forward contracts, and to transfer their risk to the traders.



Moreover, the Anti-Farm law protests are led by a small, organised group with vested interests, mostly the *arthiyas*, of APMC *mandis*, who shall lose ₹1500 crore annually in commissions. Whereas the majority of small farmers are not agitated with the agro-reforms.

Hence, repealing of Farm Laws would only benefit a small group while hampering interests of the farmers.



Thank You!



Contact us -



ADDRESS

H 55 Sector 63 Noida-201301
(Uttar Pradesh)



E-MAIL

info@enterslice.com



MOBILE



9870310368
9810688945

Prepared by:

Mudit Handa

Legal Researcher, Corpbiz Advisors Pvt. Ltd.