

Bill No. 279 of 2022

THE AGRICULTURAL PRODUCE PRICE FIXATION
BOARD BILL, 2022

By

ADV. A.M. ARIFF, M.P.

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BILL

to provide for the establishment of an Agricultural Produce Price Fixation Board to fix the remunerative support price of agricultural produce including fruits and vegetables on annual and seasonal basis and for timely intervention by the Government at the time of steep fall in prices of such produce in the open market and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Seventy-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Agricultural Produce Price Fixation Board Act, 2022.

Short title and
extent.

(2) It extends to the whole of India.

5 2. In this Act, unless the context otherwise requires:—

Definitions.

(a) "agricultural produce" includes wheat, paddy, pulses, sugarcane, cotton,

oil seeds, coarse grains like maize, millet, jowar, bajra, gram, soyabean, fruits and vegetables such as potato, onion, tomato, cauliflower, cabbage including such other agricultural or horticultural produce which are used for human consumption or for any medicinal purposes;

(b) "appropriate Government" means in the case of a State, the State Government and in the other cases, the Central Government;

(c) "Board" means the Agricultural Produce Price Fixation Board established under section 3;

(d) "Government agency" means and includes any agency of the Government by whatever name called or which receives grants from the Government and which is engaged in procurement, distribution and canalising agricultural produces; and

(e) "prescribed" means prescribed by rules made under this Act.

Constitution of
an Agricultural
Produce Price
Fixation Board.

3. (1) The Central Government shall, as soon as may be, but not later than six months from the date of commencement of this Act, by notification in the Official Gazette, constitute a Board to be known as Agricultural Produce Price Fixation Board.

(2) The headquarters of the Board shall be at Alappuzha in the State of Kerala.

(3) The Board shall consist of:—

(a) a Chairperson and a Deputy Chairperson having relevant educational qualifications and experience in field of agriculture, to be appointed by the Central Government in such manner as may be prescribed;

(b) one member from each zonal office of the Board set up under sub-section (5);

(c) one member each to represent the Union Ministries dealing with Agriculture, Consumer Affairs, Food and Public Distribution, Food Processing Industries, Chemicals and Fertilisers and Finance;

(d) one member to represent the Indian Council of Agricultural Research;

(e) four members to be appointed by the Central Government from amongst the farmers and agricultural labourers, in rotation from different States in such manner as may be prescribed; and

(f) four members of Parliament, of whom two shall be from Lok Sabha and two from Rajya Sabha, to be nominated by the Presiding Officers of the respective Houses.

(4) The Board shall be a body corporate by the name aforesaid having perpetual succession and a common seal, with power to acquire, hold and dispose off property, both movable and immovable, and to contract and shall by the said name sue and be sued.

(5) The Board shall set up one zonal office each in the eastern, western, northern, north eastern, central and southern parts of the country comprising of such States and Union territories, as may be determined by the Board and each zonal office shall consist of such number of members as may be prescribed.

(6) The term of office of the Chairperson, Deputy Chairperson and the manner of filling vacancies and the procedure to be followed in the discharge of their functions shall be such as may be prescribed.

Functions of the
Board.

4. (1) The Board shall —

(i) fix and declare minimum remunerative support prices of agricultural produce before every sowing season after examining the recommendations of all the zonal offices:

Provided that different prices may be fixed for different produce and for different zones;

(ii) fix the issue prices of foodgrains for retail sale to consumers every year;

(iii) perform its functions in close liaison with Government agencies, institutions including co-operative societies and such other authorities concerned with the procurement, supply, distribution, trade of agricultural produce and avoid duplication of efforts; and

(iv) give wide publicity to the remunerative prices fixed for agricultural produce through electronic and print media throughout the country.

5. (1) It shall be the duty of each zonal office of the Board to recommend to the Board the remunerative support prices of agricultural produce in respect of its jurisdiction.

Function of the zonal office.

(2) Every zonal office of the Board, before recommending the minimum support remunerative prices of agricultural produce, shall take into account all relevant factors, but in particular, the following, namely:—

(a) average capital investment made by farmers in growing the produce;

(b) average labour charges;

(c) interest on loans borrowed for growing the produce;

(d) premium for crop insurance, if any;

(e) maintenance cost of the land;

(f) expenditure on fertilizers, pesticides, seeds and electricity, etc.;

(g) any concession, rebate or subsidy provided by Government in relation to agricultural produce;

(h) prevailing open market price of each product;

(i) climatic conditions and incidence of natural calamities like floods, droughts, hailstorms, cyclones and untimely rains; and

(j) average monthly household expenditure of a farmer.

6. (1) In case any farmer fails to sell his produce in the open market at the desired prices, the Central Government shall purchase his produce at the price fixed by the Board through Government agencies.

Government agencies to purchase agricultural produce.

(2) If there is a steep fall in the prices of agricultural produce in the open market, it shall be the duty of the appropriate Government to intervene through its agencies in the market to ensure that farmers shall get minimum support price of the produce and take such other measures as it may deem necessary to handle the situation and protect the interests of the farmers.

7. (1) If any farmer is not satisfied with the declaration of price fixed for any agricultural produce, he may file an appeal to the Authority designated for the purpose by the Central Government within thirty days for reviewing of such price.

Appeal to Central Government regarding price fixation.

(2) The designated Authority specified under sub-section (1), shall give its decision within fifteen days from the date of filing of such appeal.

8. The Central Government shall, after due appropriation made by Parliament by law in this behalf, provide adequate funds to the Board for carrying out the purpose of this Act.

Central Government to provide funds.

9. The provisions of this Act and the rules made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Act to have overriding effect.

10. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

Power to make rules.

(2) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of

thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both the Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule. 5

STATEMENT OF OBJECTS AND REASONS

The farmers always expect remunerative prices of their agricultural produce in order to repay their loans which they borrowed for growing agricultural produce and to meet social obligations and household expenditure. But unfortunately, it is an usual phenomenon that in the immediate post-harvest period the prices of most of the agricultural produce decline very sharply and farmers are left high and dry and at the mercy of unscrupulous traders who exploit them to the maximum possible. Data reveals that very often, even the cost of production is not recovered by farmers.

At present, the Commission on Agricultural Costs and Prices under the Union Ministry of Agriculture and Farmers Welfare for determining the Minimum Support Price (MSP), considers (1) Demand and supply; (2) Cost of Production; (3) Price trends in the market, both domestic and international; (4) Inter crop price parity; (5) Terms of trade between agriculture and non-agriculture; (6) Likely implication of MSP on consumers of that product. Using these various parameters, MSP is often fixed even below the cost of production, ignoring the right to life and livelihood of the producer. Therefore, there is a need for price determination for farmers to take the sole mandate of securing adequate net returns to a farmer, over and above the comprehensive cost of production, rather than considering other parameters. In view of the above, to uphold the right to life and livelihood of farmers, which are their fundamental rights, it is proposed to constitute a statutory autonomous Agricultural Produce Price Fixation Board having representation of farmers and agricultural labourers to fix the remunerative prices for agricultural produce.

Hence this Bill.

NEW DELHI;
July 13, 2022

A.M. ARIFF

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the establishment of Agricultural Produce Price Fixation Board. It further provides for setting up of zonal offices. Clause 4 *inter alia* provides that the Board shall give wide publicity through electronic and print media about the prices fixed. Clause 6 provides that the Central Government shall purchase agricultural produce at the prices fixed by the Board. Clause 8 provides for payment of adequate funds to the Board for carrying out the purposes of the Act. The Bill, therefore, if enacted and brought into operation, will involve expenditure from the Consolidated Fund of India. It is estimated that a sum of rupees two thousand crore may be involved as recurring expenditure per annum.

A non-recurring expenditure of rupees one thousand crore may also be involved.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 10 of the Bill empowers the Central Government to make rules for carrying out the purposes of the Bill. As the rules will relate to matters of detail only, the delegation of legislative power is, therefore, of a normal character.

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(Adv. A.M. Ariff, M.P.)