

Bill No. XXII of 2018

THE FARMERS' RIGHT TO GUARANTEED REMUNERATIVE
MINIMUM SUPPORT PRICES FOR AGRICULTURAL
COMMODITIES BILL, 2018

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AS INTRODUCED IN THE RAJYA SABHA
ON THE 20TH JULY, 2018

Bill No. XXII of 2018

THE FARMERS' RIGHT TO GUARANTEED REMUNERATIVE
MINIMUM SUPPORT PRICES FOR AGRICULTURAL
COMMODITIES BILL, 2018

A

BILL

*to confer right on all farmers to obtain Guaranteed Remunerative Minimum Support
Prices with minimum fifty percent profit margin over comprehensive cost of
production, upon sale of agricultural commodities and for matters connected
therewith or incidental thereto.*

WHEREAS safeguarding the right to livelihood is essential for the realization of right to life under article 21 of the Constitution of India;

AND WHEREAS article 38(2) of the Constitution provides that the State shall, in particular, strive to minimize the inequalities in income and endeavour to eliminate inequalities in status, facilities and opportunities not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations;

AND WHEREAS article 39 (a) of the Constitution provides that the State shall direct its policies towards securing that the citizens, men and women equally, have the right to an adequate means of livelihood;

AND WHEREAS article 43 of the Constitution of India provides that the State shall endeavour to secure, by suitable legislation or economic organization, or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure, and social and cultural opportunities;

AND WHEREAS farmers do not get adequate return of their investment and toil despite good production, and therefore their conditions is steadily deteriorating and many farmers are committing suicide every year;

AND WHEREAS consumer interests have been justifiably protected through National Food Security Act, 2013 and Essential Commodities Act, 1955 so that adequate food is affordable and available for needy citizens and should continue to be so;

AND WHEREAS the input costs in agriculture are increasing beyond the meager means of farmers;

AND WHEREAS the price realized by farmers for their agricultural commodities is not providing sufficient returns above the cost of production to provide income even to sustain basic needs of the household;

AND WHEREAS the National Farmers Commission had recommended a principle for remunerative prices, to be fixed with a minimum profit margin of at least fifty percent over and above the comprehensive cost of production;

AND WHEREAS ensuring adequate returns in agriculture is essential to safeguarding the food security and food sovereignty of the nation, especially in the context of shrinking landholdings and decreasing livelihood opportunities;

AND WHEREAS the government is obligated to prevent farmer suicides;

AND WHEREAS in the Seventh Schedule to the constitution Social Security is listed at entry no. 23 of List III (Concurrent List), the subject of Trade and Commerce in, and the production, supply and distribution of food stuffs, cattle fodder, raw cotton, raw jute at entry no. 33 in List III, the subject of Price Control is listed at entry no. 34 in List III and any refund payable for difference between prices realized in the market on production of receipts should be paid from any bank under Negotiable Instruments Act is covered under Banking which is listed at 45 of List I (Union List);

AND WHEREAS for the above reasons, it is essential to provide farmers with a right to Guaranteed Remunerative Minimum Support Prices for all agricultural commodities;

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

CHAPTER I

PRELIMINARY—DEFINITIONS & INTERPRETATIONS

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|---------------------------------------|--|----|
| Short title, extent and commencement. | 1. (1) This Act may be called the Farmers' Right to Guaranteed Remunerative Minimum Support Prices for Agricultural Commodities Act, 2018. | 5 |
| | (2) It extends to the whole of India. | |
| | (3) It shall come into force within one month of the enactment, with the Central Government issuing a notification in the Official Gazette. | |
| Definitions. | 2. In this Act, unless the context otherwise requires,— | 10 |
| | (a) "agricultural commodity" means all cereals, all millets, all pulses, all oilseeds, all fibre crops, all horticulture crops of fruits and vegetables, all specie crops, all tuber | |

5 crops, all medicinal plants, all varieties of milk, all minor forest produce, floriculture, grass, fodder grass and free produce, nursery produce, all plantation produce, all livestock and animal products like meat and mutton, eggs and poultry, all fishery produce like fish mussel, marine fish, freshwater aquatic produce, honey, silkworm cocoons, and all such other primary produce and agricultural commodity with all its cognate expressions;

(b) "agricultural expert" includes a person by virtue of academic qualification or with proven work record and having at least 15 years practical or management experience in agriculture-related sectors;

10 (c) "Central Commission" means the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission constituted under Section 8;

(d) "Committee" means the Block Level Grievance redressal Committee constituted under section 28;

(e) "Cost of Production" is the comprehensive cost as estimated under section 4;

15 (f) "farmer" includes a person engaged in the economic and livelihood activity of agriculture in terms of growing crops, or producing other primary agricultural commodities with or without land ownership, and shall also include all agricultural operational holdes, cultivators, agriculture labourers, sharecroppers, tenants, poultry and livestock rearers, fishers, beekeepers, pastoralists, non-corporate planters and planting labourers as well as forest-produce-gatherers, farmers groups, Producer Cooperative, or Self-help groups doing cultivation on collectively owned or leased-in land and women farmers.

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(g) "fund" means the State Compensation Fund to be maintained and administered by the State Commission as per section 16;

25 (h) "Guaranteed Remunerative Minimum Support Price" means the price that ensures a minimum fifty per cent profit margin over and above the comprehensive cost of production of a given agricultural commodity as determined under section 5 and notified under section 6, to which shall be added the Bonus announced by the State Government wherein the comprehensive cost of production at the State level is covered with at least a fifty per cent profit margin over and above such cost of production; and in the case of standing (plantation) crops, as specifically determined by the Central Commission;

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(i) "appropriate Government" means in the case of a state, the Government of that State and in all other cases, the Central Government;

35 (j) "market" means regulated markets, systems of procurement of agricultural commodities run by State procurement agencies, consumer/service cooperative, corporations as well as contract farming arrangements, formal or informal, that different entities have, for procuring agricultural commodities from farmers, including milk collection centers, and procurement centers opened by different public sector agencies and other market yards run by government agencies including Panchayats and cooperatives and includes private markets;

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(k) "prescribed" means prescribed by rules made under this Act;

(l) "Schedule" means the schedule appended to this Act;

45 (m) "State Commission" means the Commissions set up at the State level as per section 13 of this Act;

(n) "trader" means any individual, or any other entity including sole proprietorship, a partnership firm, public sector or corporate entity, that purchases agricultural commodities from farmers directly.

CHAPTER II

GUARANTEED REMUNERATIVE MINIMUM SUPPORT PRICE FOR ALL AGRICULTURAL COMMODITIES

Right of every farmer to Guaranteed Remunerative Minimum Support Price for all agricultural commodities.	<p>3. (1) Every farmer, throughout India, shall be entitled to a "Guaranteed Remunerative Minimum Support Price" as a right against sale of any agricultural commodity.</p> <p>(2) The appropriate Government shall ensure purchase or procurement at or above the guaranteed remunerative minimum support price, utilizing mechanisms as specified in Chapter V.</p>	5
Comprehensive Estimation of Cost of Production of all agricultural commodities.	<p>4. (1) The Central Government, through the Central Commission, shall institute robust, comprehensive and accurate system for estimation of Comprehensive Cost of Production, as defined in the Schedule for all agricultural commodities;</p> <p>(2) The cost estimation shall be comprehensive and inclusive of all paid-out costs, as well as imputed costs including family labour at skilled wage rates applicable to the State or region, rental value of land, interest on assets and remuneration calculated for managerial functions performed by the farm household in addition to depreciation of assets and other components as listed in the Schedule:</p> <p>Provided that the calculations shall also take into account the period of each crop into consideration:</p> <p>Provided further that for those commodities where the system of cost estimation does not exist, the Central Government shall institute such systems that require data collection on a timely base:</p> <p>Provided also that the yield data used to arrive at Comprehensive Cost of Production shall be as per the Schedule;</p> <p>(3) The estimation of data, methodology, sampling, statistical analyses etc. as specified in the Schedule shall be periodically reviewed and corrections made and implemented by the Central Government.</p>	10 15 20
Determination of Guaranteed Remunerative Minimum Support Price.	<p>5. The Central Commission shall recommend the GRMSP to the Central Government by ensuring a profit margin of at least fifty per cent over the comprehensive cost of production estimated for each agricultural commodity based on the Schedule:</p> <p>Provided that additional incentives for particular commodities may be recommended by the Central Commission over and above the GRMSP as per social and environmental policy imperatives.</p>	25 30
Notification of Guaranteed Remunerative Minimum Support Prices.	<p>6. As soon as may be, but within a month of the receipt of recommendation of the Central Commission, Central Government shall notify the Guaranteed Remunerative Minimum Support Prices of all agricultural commodities as per the recommendations of the Central Commission:</p> <p>Provided that the Guaranteed Remunerative Minimum Support Prices shall be notified by the Central Government on or before February 28th of every year for the ensuing Kharif production season and on or before July 31st of every year for the ensuing Rabi production season.</p>	35
Power of State Government to notify Bonus.	<p>7. Nothing shall preclude the State Governments from notifying a Bonus in addition to the Guaranteed Remunerative Minimum Support Prices notified by the Central Government, within 15 days after receiving a recommendation from State Commission:</p> <p>Provided that the additional cost of the Bonus shall be borne by the State Government.</p>	40

CHAPTER III

CENTRAL FARMERS' AGRICULTURAL COSTS AND REMUNERATIVE PRICE GUARANTEE COMMISSION

8. (1) The Central Government shall, by notification in the official Gazette, constitute an autonomous body corporate to be known as the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission for the purpose of exercising the powers and performing the functions under this Act, and for recommending and implementing the Guaranteed Remunerative Minimum Support Prices for all agricultural commodities;

Constitution
of the
Central
Commission.

(2) The Central Commission shall consist of,—

(a) Chairperson (full time), who shall be a farmer and well qualified and experienced in agricultural economics and conversant with various agricultural faculties;

(b) Members as follows :—

(i) five representatives of farmers, including representatives of farmers organisations and persons, including women, with proven record of having worked on farmers' issues and good knowledge of agricultural economy, representing as far as possible from the different regions of the India—Non-official Members;

(ii) three agricultural experts—having requisite academic qualification in agricultural economics or any faculty incidental thereto, and with at least 15 years of experience in the field of expertise—Non-official Members;

(iii) an official not less than the rank of Joint Secretary, from the Department of Agriculture, Co-operation & Farmers Welfare, Ministry of Agriculture and Farmer's Welfare—Member;

(iv) an official of Ministry of Agriculture, Co-operation and Farmers' Welfare of rank not less than that of Deputy Secretary—Member Secretary.

(c) One of the Members shall be designated as Vice Chairperson so that proceedings are not affected in the absence of the Chairperson for any reason.

(3) The Chairperson and Members shall be nominated by the President of India on the recommendation of a Selection Committee consisting of (i) the Prime Minister who shall be the Chairperson, (ii) the Leader of Opposition in Lok Sabha or the leader of the single largest group or party in opposition in Lok Sabha, (iii) the Union Cabinet Minister for Agriculture:

Provided that such nominations shall take into consideration equitable regional representation from across the country, sectoral representation (cultivation, plantation, livestock, fisheries, agricultural labour, forest-produce-gathering) and gender, and social background (SC, ST etc.) especially for sub-section (2) (b) (i) and (ii) above, and on a rotational basis for representation of different States every time the Central Commission is re-constituted or vacancies filled.

(4) the Central Government shall ensure that no Member including Chairperson represents any conflict of interest pertaining to the discharge of their functions.

(5) The Chairperson and the Members of the Central Commission shall not be a sitting Member of Parliament or Member of State Legislature of any State or Union Territory, as the case may be, or hold any other office of profit;

(6) The Central Government shall appoint such officers and staff members as may be necessary, to assist the Central Commission in such manner as may be prescribed.

(7) In the discharge of their duties, the Member Secretary and other officers and staff referred to in sub-section (7) above shall be subject to the administrative control of the Central Commission, represented by the Chairperson.

Term of the Central Commission and conditions of service of the members.

9. (1) The term of the Central Commission each time it is constituted shall be for five years;

(2) the process for re-constitution of the succeeding Central Commission shall be initiated a clear ten months before the expiry of the tenure of an existing Central Commission for smooth transition and for perpetual succession of the Central Commission: 5

Provided that any of the Members may be re-nominated to the succeeding Central Commission;

(3) The Chairperson and the Non-official Members specified in section 8 shall not be removed from this office except after due enquiry made by a sitting judge of the High Court of Delhi and recommended as such to the President. 10

(4) A member may, by writing under his hand and addressed to the President resign his office at any time.

(5) A vacancy arising by reason of resigning of any member of the Central Commission under sub-section (4) or otherwise shall be filled up in accordance with the provisions contained in section 8 of this Act within six months' time: 15

Provided that the person so appointed shall hold office only for the remaining period of term of the person, in whose place he is appointed.

(6) the Central Government may remove any Member, if he,—

(a) is declared as undischarged insolvent or debtor:

(b) becomes incapable of continuing as such, due to physical or mental disability; 20

(c) becomes of unsound mind and stands so declared by a court of competent jurisdiction;

(d) has been convicted for an offence, which in the opinion of the Central Government involves moral turpitude or financial irregularities;

(e) has, in the opinion of the Central Government, abused his official position so as to render his continuance in office prejudicial to public interest: 25

Provided that in the case of the Chairperson and Non-official members, such removal shall be made only after due enquiry and recommendation made as specified in sub-section (3) above.

(4) The Central Commission shall regulate its own procedure for the conduct of its business with principles of participation, transparency and equity incorporated, and shall also have periodic consultations organized with representatives of State Commissions, State Governments, and farmers' organisations across the country; 30

(5) The salary and allowances, and the other conditions of service of the Chairperson and Members shall be such, as may be prescribed. 35

Powers and functions of the Central Commission.

10. (1) The Central Commission shall have all such powers as are necessary for achieving the objects of this Act, and in particular;

(a) to recommend Guaranteed Remunerative Minimum Support Prices for all agricultural commodities, which provide a profit margin of at least fifty per cent over and above the comprehensive cost of production: 40

Provided that such recommendations may include additional incentives for fulfilling social or environmental policy imperatives:

Provided further that the Central Commission may also take into consideration the Recommendations of the State Commissions while finalizing its recommendation to the Central Government: 45

Provided also that the Central Government shall not notify GRMSP below the recommendations of the Central Commission.

5 (b) to recommended all other such measures that will assure a remunerative and stable price environment for farmers, including improvements in the storage and marketing infrastructure and procedures, as well as adequate and appropriate support to producer organisations;

(c) to monitor the prices being realised by farmers for various agricultural commodities all over the country and send prompt advisories to all concerned agencies and departments for taking effective action;

10 (d) to recommended to the Central Government the regulation of cost of agricultural inputs including seeds, fertilisers, pesticides, electricity, diesel, farm equipment etc.

(2) it shall be mandatory for the Central Government to consult the Central Commission on all international trade agreements which affect agriculture directly or indirectly, and report to the Central Commission the reasons for not considering its comments or recommendations.

(3) The Central Commission shall submit its recommendations for Guaranteed Remunerative Minimum Support Prices of all agricultural commodities for each year before 15th February for the upcoming Kharif season of that year and before 15th July for the upcoming rabi season of that year.

20 **11.** (1) The Central Commission shall publish all relevant information including the cost estimations, basis of Guaranteed Remunerative Minimum Support Prices, market price trends and ensuing action or recommendations, minutes of its meetings or sittings and any other material on its website;

Publishing of information by Central Commission and Annual Report.

25 (2) The Central Commission shall prepare an annual report of its functioning of that year under this Act and the same shall be submitted to the Central Government in such form on or before such date as may be prescribed;

(3) The Annual Report submitted to the Central Government under sub-section (2) above shall be laid before both the Houses of Parliament as soon as may be and certainly in the ensuing Session of the Parliament, after the same is received by the Central Government.

30 **12.** (1) The Central Commission shall maintain proper accounts and other relevant records and prepare annual statements of accounts, in such form as may be prescribed;

Accounts and Audit.

(2) The accounts of the Central Commission shall be audited annually and the audited report shall be placed before each House of Parliament, along with the Annual Report by the Central Government.

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CHAPTER IV

STATE FARMERS' AGRICULTURAL COSTS AND REMUNERATIVE PRICE GUARANTEE COMMISSION

40 **13.** (1) The Every State Government shall, within six months after the commencement of this Act, by notification in the Official Gazette, constitute an autonomous body corporate to be known as the State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission for the purpose of exercising the powers and performing the functions under this Act, and recommending and implementing the Guaranteed Remunerative Minimum Support Prices for all agricultural commodities in the respective State;

Constitution of State Commission.

(2) The State Commission shall consist of:

45 (a) Chairperson (fulltime), who shall be a farmer and well qualified and experienced in agricultural economics and conversant with various agricultural faculties;

(b) Members as follows,—

(i) Five Representatives of farmers, including representatives of farmers' organisations and persons, including women, with proven record of having

worked on farmers' issues representing different regions of the State—
Non-Official Members;

(ii) One agriculture expert or research scientist having track record in
Agriculture , Agro-economics, and highly qualified in Agri-science faculties, with
at least 15 years of experience in the field of expertise—Non-Official Member; 5

(iii) Four officials from the Department of Agriculture/ Horticulture/ Animal
Husbandry/ Fisheries recommended by Director of Agriculture/ Horticulture/
Animal Husbandry/ Fisheries or equivalent—Member;

(iv) One Official Member of Department of Agricultural Marketing (or the
equivalent department as exists in the given State).— Member Secretary. 10

(c) One of the Members shall be designated as Vice-Chairperson so that
proceedings are not affected in the absence of the Chairperson for any reason.

(3) The Chairperson and Members shall be nominated by the Governor of a State
based on the recommendation of a Selection Committee consisting of the (i) Chief Minister
of the State who shall be the Chairperson, (ii) Leader of Opposition in the State Assembly or 15
the leader of the single largest group or party in opposition in the State Assembly, (iii) the
Minister for Agriculture of the State:

Provided that such nominations shall take into consideration equitable regional
representation from across the State, sectoral representation and gender, and social background
(SC, ST etc.) for sub-section (2) above, and on a rotational basis for representation of 20
different regions within a State every time the State Commission is re-constituted or vacancies
filled.

(4) The State Government shall ensure that no Member including Chairperson
represents any conflict of interest pertaining to the discharge of their functions.

(5) The State Government shall appoint as many officers and staff members as may be 25
necessary, to assist the State Commission in such manner as may be prescribed.

(6) In discharge of their duties, the Member Secretary and other officers and staff
referred to in sub-section (6) shall be subject to the administrative control of the State
Commission represented by the Chairperson.

Term of the
State
Commission
and
conditions of
service of the
Members.

14. (1) The term of the State Commission shall be five years. The process for 30
re-constitution of the succeeding State Commission shall be initiated by the State Government
at least ten months before the end of the tenure of an ongoing State Commission:

Provided that, the State Government may extend the term of an existing State
Commission, if deemed necessary;

(2) The Chairperson and the Non-official members specified in Section 13 shall not be 35
removed from his office except after due enquiry made by the sitting judge of the State High
Court and recommended as such to the State Government;

(3) A member may, by writing under his hand and addressed to the State Government,
resign his office at any time.

(4) A vacancy arising by reason of resignation of any member of the State Commission 40
under sub-section (3) above or otherwise shall be filled up in accordance with the provisions
contained in Section 13 of this Act:

Provided that the person so appointed shall hold office only for the remaining period
of term of the person in whose place he is appointed.

(5) The State Government may remove any member, if he— 45

(a) is declared as un-discharged insolvent or debtor;

(b) becomes incapable of continuing as such, due to physical or mental disability;

(c) becomes of unsound mind and stands so declared by a court of competent jurisdiction;

5 (d) has been convicted for an offence, which in the opinion of the State Government involves moral turpitude or financial irregularities;

(e) has, in the opinion of the State Government, abused his official position so as to render his continuance in office prejudicial to public interest:

10 Provided that in the case of Chairperson and Non-official members such removal shall be made only after due enquiry and recommendation made as specified in sub-section (2) above.

(6) The State Commission shall regulate its own procedure for the conduct of its business based on principles of participation, transparency and equity, and shall include periodic consultations with representatives of farmers' organisations from various regions of the State representing different sectoral interests.

15 (7) The salary and allowances, and the other conditions of service of the Chairperson and Members shall be such as may be prescribed.

(8) The headquarters of the State Commission shall be at the capital of the State.

20 (9) The Chairperson and the Members of the State Commission shall not be a Member of Parliament or Member of State Legislature of any State or Union Territory, as the case may be, or hold any office of profit.

15. (1) The State Commission shall have all such powers as are necessary for achieving the objects of this Act, and in particular,—

Powers and functions of the State Commission.

25 (a) to recommend to the Central Commission the Guaranteed Remunerative Minimum Support Prices of all agriculture commodities from State for each year, having regard to the factors mentioned in the Schedule, ensuring that such recommendation is made before 31st January for the upcoming Kharif season and before 30th June for the upcoming Rabi season;

30 (b) to recommend to the respective State Government higher prices that shall be fixed as the State level Guaranteed Remunerative Minimum Support Prices (SGRMSP) which includes a Bonus as specified in Section 7 that shall be applicable only within that State, over and above the GRMSP notified by the Central Government:

35 Provided that such a recommendation shall take into account a minimum fifty percent profit margin over any higher cost of production in the State, and other policy considerations of incentivising particular crops and commodities for balanced and sustainable agricultural growth and for this purpose the State Commission shall ensure that it recommends GRMSPs for those agricultural commodities which might have been left out by the Central Commission for any reason;

40 (c) to monitor the price situation in various markets on a regular basis and to send advisories based on such monitoring, for appropriate action to be taken, and oversee the implementation of such advisories by the State Government for their efficacy.

(d) to inquire into failures to discharge duties, on particular public servants and authorities as well as contract farming cases, and recommend penalties to be imposed as per Section 28 of this Act.

45 (e) to send recommendations to the Central Commission on related matters from the State;

(f) to maintain a fund as per Section 16, for paying compensation to farmers, as ordered by the Block Level Committee, for non-receipt of GRMSP or delayed payment for sale as specified in Section 27;

(g) to recommend to the State Government regulation of cost of all agricultural inputs including seeds, fertilisers, pesticides, electricity, diesel, farm equipment etc. 5

(2) The State Commission shall publish all relevant information including its cost estimations, basis for Bonus recommendations, market price trends and ensuing action or recommendations, inquiry reports as per sub-section (1) above, minutes of its meetings or sittings and any other material on its website;

(3) The State Government shall prepare an annual report of its functioning of that year under this Act and the same shall be submitted to the State Government in such form on or before such date as may be prescribed: 10

Provided that the Annual Report submitted to the State Government by the State Commission shall be laid before the State Legislature as soon as may be and certainly in the ensuing Session of the Legislature, after the same is received by the State Government. 15

(4) The State Commission shall maintain proper accounts and other relevant records and prepare annual statement of accounts in such form as may be prescribed;

(5) The accounts of the State Commission shall be audited annually and the audited report shall be placed before the State legislature, along with the Annual Report.

State
Compensation
Fund.

16. The State Commissions shall constitute and maintain a Fund to be known as the State Compensation Fund, which shall receive allocations from the Central Government and the moneys imposed as fines and penalties for offences under the Act, shall be credited to the Fund: 20

Provided that the Fund shall be utilized for compensation payments to farmers as required, as specified under Section 27. 25

CHAPTER V

IMPLEMENTATION OF GUARANTEED REMUNERATIVE MINIMUM SUPPORT PRICES

Bar on
auction or
offer of price
below
Guaranteed
Remunerative
Minimum
Support
Prices.

17. (1) In all agricultural markets of different forms, including Agriculture Produce Market Committee markets throughout the country, the auction or offer price for every agricultural commodity shall begin with the Guaranteed Remunerative Minimum Support Prices as the floor price and no auction shall be allowed below the said price; 30

(2) Any agreement entered into orally or by any other means, between purchaser traders or commission agents that directly or indirectly results in bid rigging or collusive bidding, that limits, controls or attempts to control the sale or price of or trade in agriculture commodities or provision of services in the market or outside market with intent to suppress the prices, shall be presumed to have an appreciable adverse effect on Guaranteed Remunerative Minimum Support Prices and any such agreement is prohibited and shall be liable for penalties mentioned in section 26, including cancellation of license by the concerned authorities on complaint by the aggrieved farmers or public interest groups or upon *suo-motu* monitoring, and surveillance by designated public authorities. 35 40

(3) No trader, including a trader in any contract farming arrangement, shall purchase any commodity below the Guaranteed Remunerative Minimum Support Price and any trader resorting to purchase below Guranteed Remunerative Minimum Support Prices shall be liable for penalties mentioned in section 26 and his license or contract shall be cancelled by the State Government's designated authority, upon due inquiry into any complaint by the aggrieved farmers. 45

18. (1) The Central Government shall open adequate number of procurement centers for all commodities to ensure procurement, either directly, or through designated procurement agencies or through traders bodies, self-help groups of Farmers Producer Organisations, in a localized manner, for various food schemes and for commodity corporations, at or above
5 Guaranteed Remunerative Minimum Support Prices;
- (2) The Central Government shall make adequate arrangements for effective procurement at least four weeks before the beginning of the harvest of the particular crop including storage facilities and transportation including weighing scales, gunny bags, testing and other required equipments etc. for such procurement operations:
- 10 Provided that instant, same-date payment shall be made directly to the farmer by the procurement agency:
- Provided further that sufficient publicity shall be given regarding the procurement centre operations within the jurisdiction of such a centre.
19. The Central Government shall formulate an effective market intervention scheme
15 for implementation by State Governments within two days of fall in market prices, in all perishable and other notified commodities, including potatoes, onions, tomatoes, plantation commodities etc. and shall provide sufficient financial outlays to ensure purchases at Guaranteed Remunerative Minimum Support Prices and instant payments to the farmers.
20. The Central Government shall take measures to prevent import of subsidized agricultural commodities by enhancing import duties and other measures to ensure that the landing price of agricultural commodities from other countries is at least equal to Guaranteed Remunerative Minimum Support Prices at any given point of time.
21. The appropriate Government shall implement effective schemes to prevent farmers from selling agricultural commodities to low cost due to financial compulsion, including
25 massive increase in access to storage facilities to enable all farmers to store their produce and sell at a time of remunerative prices, schemes like negotiable warehouse receipts which enable the farmers to access finance of at least seventy-five per cent of the value of the stored crop valued at Guaranteed Remunerative Minimum Support Prices or market value whichever is higher and adequate storage facilities and agro-processing facilities for traders
30 especially for perishable products to guard against withdrawal of buyers from the market.
22. The appropriate Government shall create a fund to make investments in organizing farmers into Farmers/Workers' Producing Cooperatives, and other Farmer Producer Organisations (FPOs), with sufficient infrastructure and financial capital to run their market enterprises including processed, value-added produce, in a tax-free atmosphere:
35
- Provided that Additional incentives shall be provided to women farmers' FPOs.
23. The appropriate Government shall take all measures to reduce the cost of production by reducing the input costs through subsidies on inputs, like seed, fertilizer, pesticide, electricity, diesel, farm equipment etc., and by promoting low-cost sustainable methods of agriculture.
- 40 24. The appropriate Government shall designate and notify specific public authorities at all levels, beginning from the block level, who shall be the persons responsible for implementation of GRMSP including monitoring the prices paid by traders, taking punitive action against them for contravening clauses in the Act, opening procurement centres on time, taking up Market intervention on time, paying compensation in time etc..
- 45 25. The State Governments shall implement effective mechanism for identifying the actual cultivators including tenant farmers, sharecroppers, women farmers and adivasis, by registering and issuing them a means of identification, and ensuring that they get the benefit of Guaranteed Remunerative Minimum Support Prices through procurement and market intervention and other mechanisms specified in this Act.

Central Government to open Procurement Centres.

Timely and effective market intervention by State Government.

Central Government to regulate imports of agricultural commodities.

Other measures to prevent distress sales.

Investments on Farmer Producer Organisations.

Measures to reduce and regulate input costs.

Designating and notifying the responsible public authorities.

Identification of real cultivators.

CHAPTER VI

PENALTIES AND COMPENSATION

Penalties.	26. Whoever contravenes the provisions of Section 17 shall be liable for punishment as follows:	
	(a) for first offence, with imprisonment for a period of three months and with a fine equal to twice the total deficit suffered by the farmer on account of the violation;	5
	(b) for second offence, with imprisonment for a period of six months and with a fine equal to twice the total deficit suffered by the farmer on account of the violation;	
	(c) for third time offence, with imprisonment for a period of one year and with fine equal to three times the total deficit suffered by the farmer on account of the violation covered under Section 17(3);	10
	(2) All such fine amounts shall be deposited with the Fund specified in section 16.	
Entitlement of Farmer to Compensation.	27. (1) Any farmer who is not paid the Guaranteed Remunerative Minimum Support Price for sale of agricultural commodities by a trader shall be entitled to a compensation from the Fund, which shall at least be the difference between the GRMSP and price obtained by the farmer;	15
	(2) Any farmer who does not get instant direct payment that fully covers the total value of the commodity sold at GRMSP to any buyer including government procurement agencies, shall be entitled to a delay compensation at the rate of fifteen per cent per annum on the total payment due from the buyer, for every month of delay;	20
Block level Grievance Redressal Committee to resolve farmers complaints.	28. (1) The State Governments shall set up a three Member Block Grievance Redressal Committee under the administrative control of the State Commission, to receive and resolve individual complaints from farmers under sub-section (1) and (2) above, in such manner as may be prescribed;	
	(2) The Committee shall consist of a Block level representative each from the agriculture and marketing departments, in addition to a farmers' representative.	25
	(3) The Committee shall follow a simple verification procedure, as may be prescribed: Provided that the Committee shall resolve each complaint within one month of receiving it;	
	(4) The Committee shall issue Orders for compensation to be paid by the State Commission from the State Compensation Fund held by it;	30
Penalty on public servant or authorities.	29. The public servants and authorities as specified in section 24, found guilty by the State Commission for not discharging their duties viz., lack of effective monitoring, failure to promptly initiate action against traders purchasing below Guaranteed Remunerative Minimum Support Prices, lack of effective market intervention and also failure to provide compensation, without reasonable cause of found to be willfully neglecting their duty, shall be liable for punishment with imprisonment for a period of six months and with fine equal to at least one month's salary, which shall be deducted from his salary.	35

CHAPTER VII

OBLIGATIONS ON THE CENTRAL AND STATE GOVERNMENTS

Central Government and State Governments provide funds.	30. (1) The Central Government shall, after the appropriation made by Parliament by law in this behalf provide the requisite funds for carrying at the purpose of this Act: Provided that the adequacy and utilization of the financial outlays shall be reviewed by the Central Commission on an annual basis and the Central Commission may recommend lower or higher or similar outlays for the subsequent budget.	40
	(2) The State Governments shall provide adequate outlays, for the State Commission to function effectively and also to meet the obligations of fixing the Bonus over and above the notified Guaranteed Remunerative Minimum Support Prices.	45

CHAPTER VIII

MISCELLANEOUS

31. The Provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Overriding effect of Act.

5 **32.** Every member of the Central Commission and the State Commission and the other officers and staff appointed under sub-section (6) of section 8 and sub-section (5) of section 13 shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code, 1860.

45 of 1860.

Members of the Commission shall be Public Servants.

10 **33.** (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as appear it to be necessary for the removal of the difficulty;

Power to remove difficulties.

(2) Every order made under this section, as soon as may be after it as made, shall be laid before each House of Parliament.

15 **34.** (1) The appropriate Government shall, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

Power to make rules.

20 (2) Every rule made under this Act by the Central Government 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 House 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 on annulment shall be without prejudice to the validity of anything previously done under that rule.

25 (3) Every rule made by the State Government under this Act shall be laid, as soon as may be after it is made, before the State Legislature.

SCHEDULE

1. METHODOLOGY: Methodology adopted for cost estimation shall be cost-accounting based with opportunity costs fully included for various resources, capital items and services, in addition to interest on fixed capital etc.

2. COST COMPONENTS: The cost components will cover both in cash and kind costs, in addition to imputed value of some inputs, services and assets/resources, and all of them shall be included in the Estimation of Comprehensive Cost of Production.

a. Paid Out Costs

(i) Hired labour—human, animal, machinery;

(ii) Maintenance expenses on owned animals and machinery for the entire year and not limited to only their utilization time;

(iii) Actual Expenses on material inputs such as seed (home grown and purchased), fertilizer, manure (owned and purchased), pesticides including insecticides and weedicides, irrigation;

(iv) Depreciation on implement and farm buildings (such as cattle sheds, pump sheds, machine sheds, storage sheds, tractor etc.);

(v) Land revenue and other taxes;

(vi) Rent paid for leased-in land at actual rates;

(vii) Interest paid on credit borrowed;

(viii) Insurance premium paid;

(ix) Processing, Transport and Marketing costs (like cleaning, grading, drying, packaging, marketing, transportation, time spent for all these post-harvest activities, mandi taxes) etc.

(x) Miscellaneous expenses.

b. Imputed Costs

(i) Value of Family Labour—at currently prevalent skilled wage rates notified by the Government for that area, or market wage rates for skilled workers, whichever is higher and with complete labour assessment for all days of family labour and not just data pertaining to chosen agricultural operations;

(ii) Rent of owned land at prevailing market value without any ceilings of fair rents applied as under any other legislation;

(iii) Interest on owned fixed capital at prevalent market value;

(iv) Interest on working capital, including the cost of borrowing (in terms of time and paperwork), at actuals including from non-institutional sources—such interest charges will be applied to the full life of crop season;

(v) Risk margin of 10% over Cost of Cultivation per hectare;

(vi) Managerial cost, at 10% of the Cost of Cultivation arrived at, by using all the above cost components, with the methodology specified in Projected Costs below.

c. Projected Costs

In the context of time lags between data collection and estimation of comprehensive cost of production for recommendations of GRMSPs for a given season, it is mandated that

projected costs shall use a Composite Variable Input Index using rate of inflation of different inputs with the same being applied to fixed costs also in addition to applying it to the increase in the quantum of utilization of the input. Interest and Depreciation on fixed capital shall be projected using the rate of inflation in construction material. Land rent shall be projected by raising it by index number (WPI) of agricultural commodities which is the main determinant of variation in land rent.

In the case of plantation crops, separate procedures to be drawn up to apportion initial costs over the plantation crop annual period, in addition to maintenance costs with built-in losses.

3. **YIELD DATA THAT IS TO BE USED FOR CONVERTING COST OF CULTIVATION TO COST OF PRODUCTION:** This shall be based on a reconciliation between crop cutting experiments-based data from Departments of Agriculture/Horticulture and what is collected from a sample set of farmers for Cost Estimations.

4. **SAMPLE FOR DATA COLLECTION:** Two villages from each selected block are to be taken with number of operational holdings selected from 3 size classes of less than 1 hectares, 1-2 hectares and more than 2 hectares to be 3, 2 and 1 respectively (six sample units from each village). In each State, two strata to be used for drawing sample—one, for major crops and another for minor crops, to selected blocks or tehsils, with the same approach to be extended to selection of villages within selected block or tehsil. A minimum sample size of at least 500 operational holdings is to be maintained State-wise. Every district shall have blocks/tehsils selected so that district-wise data analysis for Cost of Production is evolved. Sample shall be proportionate to irrigated and unirrigated area under the crop.

5. **AVERAGING OF COST AT THE NATIONAL LEVEL:** The guiding principle for this shall be to strike a balance between efficiency consideration and maximum coverage of farmers. Bulkline cost comprising 75% of farmers $[(50+100)/2]$ shall be used to arrive at Comprehensive Cost.

At the State Level:

(a) All the above shall be applicable to the State Level Cost Estimations too. Averaging of Cost at the State Level shall be based on Bulkline Average from different agro-ecological regions within the State;

(b) GRMSP Bonus shall be based on ensuring that at least 50% of the State level average comprehensive cost of production is covered, in addition to any other policy incentives that the State Commission may provide.

STATEMENT OF OBJECTS AND REASONS

1. More than 55 per cent of India's population is principally dependent on agriculture of their livelihood, and the past two decades, since 1995, have recorded more than 300,000 farmers' suicides. Government of India's data shows 12,602 farmers killed themselves in 2015 along, mostly owing to economic distress. Indebtedness was responsible for 38.7 per cent of suicides, while crop failure or the inability to sell produce led to another 19.5 per cent of suicides. More than 43 per cent of farmers who killed themselves in 2015 had small holdings.

2. Data reveals that very often, even the cost of production is not recovered by farmers in realized prices, whereas the farm family has living expenses being investments in farming. At present, the Commission on Agricultural Costs and Prices, 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.

3. Meanwhile, the food prices for consumers, especially those who are poor, have been secured at affordable rates through at least two legislation in the country—Food Security Act 2013 and Essential Commodities Act 1955. Therefore, there is every reason for price determination of 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.

4. In view of the above, to uphold the Right to Life and Livelihood of farmers, which is their fundamental right, it is proposed to constitute National and State Farmers Agricultural Costs and Remunerative Price Guarantee Commissions which shall be autonomous body corporates, which shall, once appointed, not be under the control of the Central or State Governments and their determination of the comprehensive cost of production of the agriculture produce plus at least 50 per cent profit margin as a Guaranteed Remunerative Minimum Support Prices of each and every agricultural commodity shall be final.

5. To confer such a right to Guaranteed Remunerative Minimum Support Prices for sale of all agricultural commodities of all farmers, it is found expedient to regulate the prices offered by traders, and to lay down rules for public authorities for accountable functioning.

6. For such a right to be actualized for all farmers Central and State Government are to be obligated to ensure purchase/procurement at or above GRMSP.

7. Further, input costs should be regulated, and overall cost of cultivation to be brought down by large scale establishment of sustainable agriculture.

8. The Central Government takes decisions related to export and import of agricultural commodities keeping in view various factors. It is proposed that before taking such decisions, the Government should consult the Commission, and also take steps to ensure that the landing price of any imported commodity is not below the Guaranteed Remunerative Minimum Support Prices fixed for that commodity within India at that point of time.

9. It is felt that the right to Guaranteed Remunerative Minimum Support Prices which includes at least 50 per cent profit margin over the comprehensive cost of production will boost the morale of the farmer, who would be able to live comfortably, invest in her/his agricultural enterprise thereby potentially increasing productivity and production to ensure national food security and sovereignty, and would be able to avoid falling into a debt trap.

Hence this Bill.

K.K. RAGESH

FINANCIAL MEMORANDUM

Section 4 of the Bill *inter alia* provides for instituting robust, accurate systems for cost estimations to be instituted for all agricultural commodities on a timely basis.

Section 8 and 9 provides for constitution of the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission and ensuing expenditure.

Section 18 provides for opening adequate number of procurement centres for all commodities.

Section 19 provides for formulation by Central Government timely and effective market intervention by State Governments.

Section 21 provides for taking up various measures such as setting up of storage facilities, agro-processing facilities etc. to prevent distress sales.

Section 22 provides for investing on Farmer Producer Organisations and provide them with a tax-free atmosphere.

Section 29 provides for adequate funds by the Central Government for carrying out the purposes of this Act.

The Bill, if enacted, will involve expenditure from the Consolidated Fund of India. However, it is not possible at this stage as to the exact amount which is likely to be incurred towards recurring and non-recurring expenditure for the purpose.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Section 33 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 details only the delegation of legislative powers is of a normal character.

RAJYA SABHA

A

BILL

to confer right on all farmers to obtain Guaranteed Remunerative Minimum Support Prices with minimum fifty per cent profit margin over comprehensive cost of production, upon sale of agricultural commodities and for matters connected therewith or incidental thereto.

(Shri K.K. Ragesh, M.P.)