GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

RAJYA SABHA
UNSTARRED QUESTION NO. 522
TO BE ANSWERED ON 05/02/2021

IMPACT OF NEW FARM LAWS ON FARMERS' INCOME

522. Shri Mallikarjun Kharge:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether the three new farm laws can lead to private players buying from farmers at cost below the Minimum Support Price (MSP);

(b) if so, the estimated decline in farmers' income thereof;

(c) if not, the reasons for not including a clause in the law itself specifying that price of procurement by private players can not go below the MSP; and

(d) whether there are any plans to add that to the law?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

(SHRI NARENDRA SINGH TOMAR)

(a) to (d): The New Farm laws viz, "The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020", "The Farmers (Empowerment and Protection) Agreement On Price Assurance and Farm Services Act, 2020" and "The Essential Commodities (Amendment) Act, 2020, are intended to provide an ecosystem where the farmers can enjoy the freedom of choice relating to sale of farmers' produce which facilitates remunerative prices to farmers through competitive alternative channels for selling their produce. These farm Acts will facilitate direct buying from farmers in trade area by traders, processors, exporters, Farmer Producer Organizations (FPOs), agriculture co-operative Societies etc., so as to facilitate farmers with better price realization due to shortening of supply chain and marketing cost to enhance their income.

Furthermore, under "The Farmers (Empowerment and Protection) Agreement On Price Assurance and Farm Services Act, 2020", the Act stipulates that the produce must be purchased at a price provided for in the farming agreement. The price may be linked to market price and in such case, a minimum guaranteed price must be specified. Similarly, the method of determining payment above the minimum guaranteed price and a clear price reference must be provided in the agreement.

MSP policy has nothing to do with Farm Acts. However, farmers are free to sell their produce to the Government procurement agencies at MSP or in the open market or through contract farming whichever is advantageous to them.

******