

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

LOK SABHA
UNSTARRED QUESTION NO. 945
TO BE ANSWERED ON THE 24TH JULY, 2018

MODEL ACT ON CONTRACT FARMING

945. SHRIMATI VASANTHI M.:
SHRI A. ARUNMOZHITHEVAN:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether it is true that the Government has released model law for contract farming and if so, the details thereof;
- (b) whether the two draft proposals brought forward by the Government on contract farming received wide criticism from industry and farmers groups, if so, the details thereof and the steps taken by the Government to address the concerns expressed by the industry and farmers groups on contract farming;
- (c) whether the Government has asked the State Governments to adopt the model act on contract farming and if so, the details thereof and the response of the State Governments thereto; and
- (d) whether it is also true that once the contract farming is adopted, it would help entry of private players into the farm sector as it would induce competition and ensure assured and better price for farm produce to farmers through advance agreements and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI GAJENDRA SINGH SHEKHAWAT)

(a): Yes Madam. The Government has formulated and released a progressive and facilitative Model Act "The ---State/ UT Agricultural Produce & Livestock Contract Farming and Services (Promotion & Facilitation) Act, 2018" in May, 2018 for its adoption by the states/Union Territories (UTs). The aforesaid Model Contract Farming Act covers the entire value and supply chain from pre-production to post harvest marketing including services contract for the agricultural produce and livestock.

(b): The first draft of Model Contract Farming Act was circulated to the States/ UTs and concerned central Government Ministries/ Departments to solicit their comments. In addition, it was also placed on public domain in December, 2017 by uploading on departmental website for extensive consultations with various stakeholders including farmers, trade & industry, economists, policy makers. It elicited huge response from within India and from abroad. Based on suggestions received, draft model Act was modified and placed again in public domain in February, 2018 for soliciting further comments/suggestions. All the suggestions/views received thereafter were considered/addressed and incorporated to give its final shape as "The ---State/ UT Agricultural Produce & Livestock Contract Farming and Services (Promotion & Facilitation) Act, 2018" in May, 2018.

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(c): The Government convened a meeting of State Agriculture Marketing Ministers' in May, 2018 under the chairmanship of Union Agriculture Minister to release the model Act for adoption by States/Union Territories and also to explain them the details of the provisions of said Model Act. In the meeting, Union Agriculture Minister requested the states/UTs to adopt the Model Act, as it may be an effective tool for mitigating price risk and market uncertainty. There was unanimity among the states to adopt this Model Act.

(d): Model Act being a facilitative one with wider scope of contracts in the entire agri-value chain starting from pre-production, production to post-production, private players including Farmer Producer Organizations (FPOs) will be encouraged to engage themselves in the contract farming and services contracts under the Act. The contract farming under this model, will help in mitigating the price risk and market uncertainties through advance agreements and would encourage entry of private players into the farm sector.
