

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

LOK SABHA
UNSTARRED QUESTION NO. 286
TO BE ANSWERED ON THE 15TH SEPTEMBER, 2020

REFORMS IN AGRICULTURE SECTOR

286. SHRI AJAY KUMAR MISRA TENI:

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

- (a): whether there has been a demand for a long time to make several changes in agriculture sector and if so, the details thereof;
- (b): whether the Government has issued an ordinance to implement the said reforms immediately;
- (c): if so, the details thereof alongwith the way in which these reforms are likely to be affected by the role of the States;
- (d): whether fostering trust between the farmers and companies in contract farming and by removal of some agricultural commodities from the Essential Commodities Act may lead to increase in hoarding and price rise;
- (e): if so, the details thereof; and
- (f): whether the Government has formulated any scheme to deal with these situations?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (c): From time to time there have been demands of to make changes in agriculture sector with regard to reforms in marketing of agriculture produce so as to ensure remunerative price to farmers. Also demands were there for creation of an ecosystem where the farmers and traders enjoy freedom of choice and a facilitative framework for fair and transparent trade of agriculture produce.

Government of India has promulgated the following three Ordinances to implement reforms in agriculture sector-

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- i) The Farmers' Produce Trade & Commerce (Promotion and Facilitation) Ordinance, 2020
- ii) The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020
- iii) The Essential Commodities (Amendment) Ordinance 2020

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 provides for the creation of an ecosystem where the farmers and traders enjoy the freedom of choice relating to sale and purchase of farmers produce which facilitates remunerative prices through competitive alternative trading channels; to promote efficient, transparent and barrier-free inter-state and intra-state trade and commerce of farmers produce outside the physical premises of markets or deemed markets notified under various State Agricultural Produce market legislations; to provide a facilitative framework for electronic trading and for matters connected therewith or incidental thereto.

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020, provides for a national framework on farming agreements that protects and empowers farmers to engage with agri business firms, processors, wholesalers, exporters or large retailers for farm services and sale of future farming produce at a mutually agreed remunerative price framework in a fair and transparent manner and for matters connected therewith or incidental thereto.

The Essential Commodities (Amendment) Ordinance 2020 aims at increasing the competitiveness in the agriculture sector and enhancing the income of the farmer by liberalizing the regulatory system while protecting the interests of consumers. The Ordinance allows the Central Government to regulate the supply of certain food stuffs only under extraordinary circumstances (such as war, famine, extraordinary price rise and natural calamity of grave nature).

It is envisaged that the reforms will be implemented with active participation and cooperation of the States.

(d) to (f): No commodity has been removed from the Essential Commodity Act. The Ordinances collectively seek to (i) facilitate barrier-free trade of farmers produce outside the markets notified under the various state APMC laws, (ii) provide a frame work that will mitigate the risks for the farmer, enhance their income and put in place an effective and conducive policy regime for farming agreements and (iii) impose stock limits on agricultural produce only if there is a sharp increase in retail prices.

These reforms will help to reduce the unpredictability of agriculture and allows farmers to plan better the production and sale of their agriculture produce and an eco-system will be developed for the holistic development of agriculture sector.

Rules have been notified to facilitate the implementation of the Farmers' Produce Trade & Commerce (Promotion and Facilitation) Ordinance, 2020 and The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020
