

## The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

**Context:** The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 was collectively passed as part of the 2020 Farm Bills.

### About the Act

- The Act aims to create a national framework for contract farming through an agreement between a farmer and a buyer before the production or rearing of any farm produces.

### Provisions under the Act

- **Protection of farmers:** The Government asserts that the Act helps protect farmers engaging with agribusiness firms, processors, wholesalers, exporters, or large retailers for farm services and sale of future farming produce by a mutually-agreed lucrative price framework fairly and transparently through a contract.
- **Regulation of sale purchase:** State Acts for regulation of sale purchase do not apply to Farm Agreements under this Act. Therefore, Sponsor not bound by MSP and Farmer not bound by Essential Commodities Act or control orders. Choice with farmer, whether to sell at MSP or to Sponsor.
- **Dispute resolution:** The Act provided for a 3-level dispute settlement mechanism by the conciliation board, Sub-Divisional Magistrate, and Appellate Authority. The agreement had to provide for a conciliation board as well as a conciliation process for the settlement of disputes.
- **Appeals:** Appeals to Collector or Additional Collector nominated by the Collector.
- **Penalties:** Non-payment of dues by Sponsor – 1.5 times of amount due. For farmers – actual amount due.
- **Definition of some important terms:** Probably the first time 'force majeure' has been defined in a statute. Includes terms like 'bad weather' craves rethinking. Epidemic has been included.

### Contract farming

- Contract farming is agricultural production undertaken under the terms of an agreement between a purchaser and farmers that specifies the requirements for production and marketing of a farm product or series of farm products.