

Farmers (Empowerment & Protection) Agreement of Price Assurance and Farm Services Bill, 2020

CONTRACT FARMING BILL 2020¹

Contract farming arrangements in India are mostly unwritten and most of what happens in seed production arrangements and even sugarcane production can be termed as 'contract farming', apart from the fact that such arrangements exist for niche, high value products like chip-grade potatoes, or gherkins or floriculture for export.

As in the case of other market interfaces of farmers in India, it can be safely assumed that farmers in contract farming arrangements also are the weaker players in terms of their ability to negotiate what they need. Such arrangements, in the lure of short-term economic benefits, might also compromise the farmer's ability to grow the right kind of crops suited to the local environment and growing conditions. Further, a highly intensive agricultural paradigm with chemical and water usage may be adopted too. On the other hand it is also seen that "sponsors" are averse to dealing with a multitude of small and marginal farmers of the country and most contract farming arrangements have been with medium and large farmers. There are many studies pointing to parties not adhering to the contract commitments, and these are unenforceable in any case, due to lack of written arrangements.

Against this backdrop, the Bill that the government is introducing in the Parliament as a Central Act titled "Farmers (Empowerment & Protection) Agreement of Price Assurance and Farm Services Bill 2020" is actually a misnomer. This Bill is not about mandating that sponsors shall enter into a written farming agreement. The Bill is couched in "May" legalese leaving many things voluntary and not spelt out. The entire Bill is for written contracts, while it does not mandate written agreements.

It faultily includes FPOs into the definition of Farmers. It also equates supply or provision of inputs for farming as "farm services". It brings in a "Production Agreement" which is a route to direct corporate farming. It calls for third party qualified assayers and third party enforcement!

WHAT THE GOVERNMENT OUGHT NOT TO HAVE DONE

- **Since the agreements are voluntary and even having a written contract in such arrangements has been left voluntary, there should not have been a Bar of Jurisdiction of Civil Court (Sec.19) brought in. Otherwise, this would be very unfair to farmers, the weaker party in any contract.**
- Should not have equated inputs with services (Sec. 2(e))
- Should not have distinguished between Farming Agreement and Trade & Commerce Agreement (Sec 2(h) and 2(h)(i))
- Should not have "Production Agreement" concept at all since it appears to be a proxy route to corporate farming (Sec.2 (h)(ii))
- Should not have included into the Definition of Farmer (Sec.2(f)) FPOs also – FPOs should be taken out of the scope of such a Bill completely
- Should not have kept the arrangement outside the purview of ECA 1955 and other Acts applicable.

In fact, what the government should have done is to have ensured that the pricing of Farming Produce be referenced to MSP as the guaranteed price and the price fixed in the contract should be over and above the MSP (Sec.5).

¹ This is what the Bill in effect is about, and therefore, we have chosen to rename it as such.