Bill Summary

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020

- The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 was introduced in Lok Sabha by the Minister of Agriculture and Farmers' Welfare, Mr. Narendra Singh Tomar, on September 14, 2020. The Bill replaces the Ordinance promulgated in June 2020. It seeks to allow barrier-free trade of farmers' produce outside the physical premises of the markets notified under the various state Agricultural Produce Marketing Committee laws (APMC Acts). The Bill will prevail over the APMC Acts in the area outside such markets.
- **Farmers' produce:** Under the Bill, farmers' produce means: (i) food items, including cereals, pulses, fruits, vegetables, edible oilseeds, oils, sugarcane, spices, nuts, and products of poultry, piggery, goatery, fishery and dairy, (ii) raw cotton and jute and cotton seeds, and (iii) cattle fodder, including oilcakes and other concentrates. The Bill also defines the agricultural produce regulated under any APMC Act as scheduled farmers' produce.
- **Barrier-free trade:** The Bill allows barrier-free intra-state and inter-state trade of farmers' produce outside: (i) the physical premises of market yards and sub-yards run by the state APMCs and (ii) other markets notified under the state APMC Acts, such as private market yards and sub-yards, collection centres, and farmer-consumer markets. Under the Bill, farmers' produce may be traded anywhere outside such markets, such as in places of production, collection, and aggregation, including: (i) farm gates, (ii) factory premises, (iii) warehouses, (iv) silos, and (v) cold storages.
- **Farmer:** The Bill defines farmer as an individual who is engaged in the production of farmers' produce, by self or by hired labour, and includes an FPO (farmer producer organisation). An FPO means an association or group of farmers: (i) registered under any law, or (ii) promoted under a central or state government scheme.
- **Eligibility for trade in farmers' produce:** The Bill allows farmers, FPOs, and traders to engage in trade of farmers' produce. Trader includes anyone who buys farmers' produce for: (i) wholesale trade, (ii) export, (iii) processing, (iv) value addition, (v) manufacturing, (vi) retail, (vii) end-use, or (viii) consumption.
- **Trade in scheduled farmers' produce:** To trade in scheduled farmers' produce, an entity must be either: (i) a farmer, an FPO, or an agricultural cooperative society, or (ii) a trader having a PAN card under the Income Tax Act, 1961, or any other document notified by the central government. Persons contravening the provisions for trade of scheduled farmers' produce will be liable to pay a penalty between Rs 25,000 and five lakh rupees. In case of continuous contravention, such person will be liable to pay a further penalty of up to Rs 5,000 per day.
- **Payment to farmers:** Traders transacting with farmers must make payments for scheduled farmers' produce on the same day, or within maximum three working days, provided a receipt is given to farmers on the same day.
- **No fees to be levied by states:** The Bill prohibits the state governments and APMCs from levying any market fee, cess, or any other charge on the trade of scheduled farmers' produce outside the APMC notified markets.
- **Electronic trading platforms:** The Bill provides for setting up of electronic trading platforms to facilitate direct and online buying and selling of farmers' produce, resulting in physical delivery of the produce. The following entities may establish and operate such platforms: (i) companies, partnership firms, or societies, having a PAN card under the Income Tax Act, 1961, or any other document notified by the central government, (ii) FPOs, and (iii) agricultural cooperative societies.
- The central government may prescribe modalities for such platforms including: (i) procedure, norms, and manner of registration, and (ii) code of conduct, quality assessment, and modes of payment. If an e-trading platform contravenes the modalities prescribed by the central government or engages in unfair trade practices, its right to operate as a platform may be suspended or cancelled. If the owner or operator of the e-trading platform contravenes any of the provisions, he will be liable to pay a penalty between Rs 50,000 and Rs 10 lakh. In case of continuous contravention, a further penalty of up to Rs 10,000 per day will be imposed.
- **Dispute resolution mechanism:** In case of disputes arising between a farmer and a trader, the parties involved in the dispute may apply to the Sub-Divisional Magistrate (SDM) for relief through conciliation. The SDM will appoint a Conciliation Board under his officer for resolving the dispute, with equal representation of the two parties in the Board. If the dispute remains unresolved after 30 days, the parties may approach the SDM for settlement of the dispute. The parties will have a right to appeal against the decisions of the SDM before the Appellate Authority (the Collector or the Additional Collector nominated by him).

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September 15, 2020