

Bill Summary

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) (Special Provisions and Punjab Amendment) Bill, 2020

- The Farmers' Produce Trade and Commerce (Promotion and Facilitation) (Special Provisions and Punjab Amendment) Bill, 2020 was introduced in and passed by the Punjab Assembly on October 20, 2020. The Bill amends the central Act, the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, in its application to the state of Punjab. The Bill provides for the sale and purchase of wheat and paddy (under farming agreements) to be at prices equal to or above the Minimum Support Price. The Bill will override any other law currently in force.
- **Minimum Support Price (MSP):** The Bill mandates the sale and purchase of wheat or paddy (under farming agreements) to be at prices equal to or above the MSP. A farming agreement allows farmers to make an agreement with buyers before sowing, to sell produce at a fixed, pre-determined price. The MSP is fixed by the central government, based on the recommendations of the Commission for Agricultural Costs and Prices (CACP), a statutory body.
- If a buyer compels a farmer to enter into a contract or sell farm produce, at a price below MSP, it will be considered as an offence. Such an offence will be penalised with an imprisonment term of at least three years and a fine. Buyers include, persons, companies, corporate houses or any other association or body of persons.
- **Power of civil courts:** The central Act prohibits civil courts from adjudicating over disputes under the Act. The Bill allows farmers to approach civil courts or avail other remedies under existing laws, including the central Act.
- **Fee on trade carried outside markets:** The central Act provides for the barrier-free trade of farmers' produce outside the physical premises of the markets notified under the various state Agricultural Produce Marketing Committee (APMC) Acts. It also 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 markets. The Bill empowers the state government to levy a fee (on private traders or electronic trading platforms) for trade and commerce outside the markets established under the Punjab Agricultural Produce Markets Act, 1961. Such fees collected will be utilised towards setting up a welfare fund for small and marginal farmers.
- **Special provisions for Punjab:** The Bill provides that the Punjab Agricultural Produce Markets Act, 1961 will continue to apply in Punjab, as it did prior to the enactment of the central Act (i.e. June 4, 2020). Further, all notices issued by the central government or any authority under the central Act will be suspended. Also, no punitive action will be taken for any violation of the provisions of the central Act.
- **Powers of state government:** The state government may also issue directions or notify Rules to give effect to provisions of the Bill.

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