

THE FARMERS' RIGHT TO GUARANTEED REMUNERATIVE MINIMUM SUPPORT PRICES
FOR AGRICULTURAL COMMODITIES BILL, 2018

By

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Bill No. 115 of 2018

THE FARMERS' RIGHT TO GUARANTEED REMUNERATIVE
MINIMUM SUPPORT PRICES FOR AGRICULTURAL
COMMODITIES BILL, 2018

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BILL

to confer a right on every farmer to guaranteed remunerative minimum support prices for agricultural produce with minimum fifty percent. profit margin above comprehensive cost of production upon sale of agricultural commodities and for matters connected therewith or incidental thereto.

WHEREAS safeguarding the right to livelihood is essential for the realization of right to life guaranteed under article 21 of the Constitution;

AND WHEREAS article 38(2) of the Constitution provides that the State shall, in particular, strive to minimize the inequalities in income and endeavour to eliminate inequalities in status, facilities and opportunities not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations;

AND WHEREAS article 39(a) of the Constitution provides that the State shall direct its policies towards securing that the citizens, men and women equally, have the right to an adequate means of livelihood;

AND WHEREAS article 43 of the Constitution provides that the State shall endeavour to secure, by suitable legislation or economic organization, or in any other way, to all workers,

agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure, social and cultural opportunities;

AND WHEREAS farmers do not get adequate return of their investment and toil despite good production, and therefore their condition is steadily deteriorating and leading to commit suicide by tens of thousands of farmers every year;

AND WHEREAS consumer interests have been justifiably protected through National Food Security Act 2013 and Essential Commodities Act 1955 so that adequate food is affordable and available for needy citizens and shall continue to be so;

AND WHEREAS the input cost is increasing beyond the meager means of farmers;

AND WHEREAS the price realized by farmers for their agricultural commodities is not providing sufficient returns in compare of the cost of production to provide income even to sustain basic needs of the household;

AND WHEREAS The National Farmers Commission had recommended a principle for remunerative prices to be fixed with a minimum profit margin of at least fifty per cent over and above the comprehensive cost of production;

AND WHEREAS ensuring adequate returns in agriculture is essential to safeguarding the food security of the nation, especially in the context of shrinking landholdings and decreasing livelihood opportunities;

AND WHEREAS the Government is duty bound to take steps to prevent suicides by farmers due to their pitiable economic condition;

AND WHEREAS social security is listed at entry 23 of List III (Concurrent List), the subject of trade and commerce in, and the production, supply and distribution of food stuffs, cattle fodder, raw cotton, raw jute at entry no. 33 in List III, the subject of price control is listed at entry 34 in List III and any refund payable for difference between prices realized in the market on production of receipts shall be paid from any Bank under Negotiable Instruments Act, 1881 covered under Banking at entry 45 of List I;

AND WHEREAS for the above reasons, it is essential to provide farmers with a right to guaranteed remunerative minimum support prices for all agricultural commodities;

BE it enacted by Parliament in the Sixty-ninth year of the Republic of India, as follows:—

CHAPTER I

PRELIMINARY

Short title,
extent and
commencement.

1. (1) This Act may be called the Farmers' Right to Guaranteed Remunerative Minimum Support Prices for Agricultural Commodities Act, 2018. 5

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government, may by notification in the Official Gazette, appoint.

Definitions.

2. In this Act, unless the context otherwise require,—

(a) "agricultural commodity" means all cereals, all millets, all pulses, all oilseeds, all fibre crops, all horticulture crops of fruits and vegetables, all spice crops, all tuber crops, all medicinal plants, all varieties of milk, all minor forest produce, floriculture, grass, fodder grass and tree produce, nursery produce, all plantation produce, all animal products like meat and mutton, eggs and poultry, all fishery produce like fish mussel, marine fish, freshwater aquatic produce, honey, silkworm cocoons, and all such other primary produce and agricultural commodity with all its cognate expressions; 10 15

(b) "agricultural expert" includes a person by virtue of academic qualification or with proven work record and having at least fifteen years practical or management experience in agriculture-related sectors;

(c) “appropriate Government” means in the case of a State the Government of that State, and in all other cases, the Central Government;

(d) “guaranteed remunerative minimum support price” means the price that ensures a minimum fifty *per cent.* profit margin over and above the comprehensive cost of production of a given agricultural commodity as determined under section 5 and notified under section 6, to which shall be added the bonus announced by the State Government wherein the comprehensive cost of production at the State level is covered with at least a fifty *per cent.* profit margin over and above such cost of production; and in the case of standing (plantation) crops, as specifically determined by the Commission and guided by Schedule I to this Act;

(e) “Central Commission” means the Central Farmers’ Agricultural Costs and Remunerative Price Guarantee Commission constituted under section 8;

(f) “cost of production” means the comprehensive cost as estimated under section 4 and based on Schedule I;

(g) “farmer” means a person engaged in the economic and livelihood activity of agriculture in terms of growing crops, or producing other primary agricultural commodities with or without land ownership, and includes all agricultural operational holders, cultivators, agriculture labourers, sharecroppers, tenants, poultry and livestock rearers, fishers, beekeepers, pastoralists, non-corporate planters and planting labourers as well as forest-produce-gatherers, farmers groups, producer cooperatives or self-help Groups performing cultivation on collectively owned or leased-in land and also includes women farmers.

(h) “Fund” means the State Compensation Fund maintained and administered by the State Commission under section 16;

(i) “market” means regulated markets, systems of procurement of agricultural commodities run by State procurement agencies, consumer or service cooperatives, corporations as well as contract farming arrangements (formal or informal) that different entities have, for procuring agricultural commodities from farmers, including milk collection centers, and procurement centers opened by different public sector agencies and other market yards run by Government agencies including Panchayats and cooperatives and includes private markets;

(j) “member” means a member of the Commission (Central or State) and includes the Chairperson;

(k) “prescribed” means prescribed by rules made under this Act;

(l) “State Commission” means the State Farmers’ Agricultural Costs and Remunerative Price Guarantee Commission constituted under section 13; and

(m) “trader” means any individual, or any other entity including sole proprietorship, a partnership firm, public sector or corporate entity that purchases agricultural commodities from farmer directly.

CHAPTER II

GUARANTEED REMUNERATIVE MINIMUM SUPPORT PRICE FOR ALL AGRICULTURAL COMMODITIES

3. Every farmer shall be entitled to a guaranteed remunerative minimum support price against sale of any agricultural commodity.

Right of every farmer to guaranteed remunerative minimum support prices for Agricultural commodity.

Comprehensive estimation of cost of production of all agricultural commodities.

4. (1) The Central Government shall, through the Central Commission, institute robust, comprehensive and accurate system for estimation of comprehensive cost of production as defined in the Schedule for all agricultural commodities.

(2) The cost of estimation under sub-section (1) shall be comprehensive with all paid-out costs as well as imputed costs including family labour at skilled wage rates as those that pertain to the State or region, rental value of land, interest on assets and remuneration calculated for managerial functions performed by the farm household, in addition to depreciation of assets and other components as listed in Schedule I and shall take into account the period of each crop into consideration:

Provided that agricultural commodities where the system of cost estimation is not available, the Central Government shall institute such systems that require data collection on a timely basis consisting of the actual average yield for the past five years, in a rolling manner and the estimation (data, methodology, sampling and statistical analyses) shall be periodically reviewed and implemented.

Determination of Guaranteed Remunerative Minimum Support Price.

5. (1) The Central Commission shall determine the guaranteed remunerative minimum support price for each agricultural commodity and recommended the same to the Government as provided under section 10.

(2) The recommendation made by the Central Commission under sub-section (1) shall be the basis for the Central Government to notify the guaranteed remunerative minimum support price for each agricultural commodity.

Notification of guaranteed remunerative minimum support prices.

6. (1) The Central Government shall, as soon as may be, but within one month after the receipt of recommendation of the Central Commission, notify the guaranteed remunerative minimum support price of all agricultural commodities.

(2) The guaranteed remunerative minimum support price of agricultural commodities under sub-section (1) shall be notified by the Central Government on or before 28th day of February every year for the ensuing kharif production season and on or before the last day of July every year for the ensuing rabi production season, as the case may be.

State Government to notify bonus.

7. The State Government shall, within fifteen days after receiving a recommendation from State Commission, notify a bonus in addition to the guaranteed remunerative minimum support price notified by the Central Government under section 5:

Provided that the additional cost of the bonus shall be borne by the State Government.

CHAPTER III

CENTRAL FARMERS' AGRICULTURAL COSTS AND REMUNERATIVE PRICE GUARANTEE COMMISSION

Constitution of the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission.

8. (1) The Central Government shall, by notification in the Official Gazette, constitute an autonomous body corporate to be known as the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission (hereinafter referred to as the Central Commission) for the purpose of exercising the powers and performing the functions assigned to it under this Act.

(2) The Central Commission shall consist of—

(a) a full time Chairperson, who shall be a farmer and well qualified and experienced in agricultural economics and conversant with various agricultural aspects; faculties;

(b) five representatives of farmers including representatives of Farmers Organisations and persons, including women, with proven record of having worked on farmers' issues and good knowledge of agricultural economy, representing, as far as possible, from the different regions of the country—non-official members;

(c) three agricultural experts having requisite academic qualification in Agricultural Economics or any faculty incidental thereto, and with at least fifteen years of experience in the field of expertise—non-official members;

(d) an official not below the rank of Joint Secretary to the Union Ministry of Agriculture and Farmers Welfare, Department of Agriculture, Co-operation and Farmers Welfare—*member*;

5 (e) an official not below the rank of Deputy Secretary to the Union Ministry of Agriculture and Farmers Welfare, Department of Agriculture, Co-operation and Farmers Welfare—*member Secretary*, to be appointed by the Central Government in such manner as may be prescribed:

10 Provided that one of the non-official members shall be appointed as Vice-Chairperson so that proceedings are not affected in the absence of the Chairperson for any reason to be appointed by the Central Government in such manner as may be prescribed.

(3) The Chairperson and members of the Central Commission shall be nominated by the President of India on the recommendation of a Selection Committee consisting of—

(i) the Prime Minister who shall be the Chairperson;

15 (ii) the Leader of Opposition in House of the People or the leader of the single largest group or party in opposition in House of the People; and

(iii) the Union Minister for Agriculture and Farmers Welfare.

20 (4) The Selection Committee shall, while nominating the Chairperson or a Member, take into consideration equitable regional representation from across the country, sectoral representation (cultivation, plantation, livestock, fisheries, agricultural labour, forest-produce-gathering), gender and social background on a rotational basis for representation of different States every time the Commission is re-constituted or vacancies filled:

Provided that in case of member nominated under clauses (b) and (c) of sub-section (2), the Selection Committee shall take into account the representation of the Scheduled Castes and the Scheduled Tribes.

25 (5) The Central Government shall ensure that no member including the Chairperson represents any conflict of interest in discharge of his functions.

(6) The Chairperson and the members of the Central Commission shall not be a sitting Member of Parliament or a Member of State Legislature of any State or Union territory, as the case may be, or hold any other office of profit.

30 **(7) The Central Government shall appoint such number of staff members as may be necessary to assist the Central Commission in such manner as may be prescribed.**

(8) In the discharge of their duties, the member Secretary and other staff referred to in sub-section (7) shall be subject to the administrative control of the Central Commission, represented by Chairperson.

35 **9. (1) The term of the Central Commission shall be five years:**

Provided that the Central Government shall re-constitute the Central Commission at least ten months prior to the end of the tenure of the existing Commission:

Provided further that any of the members of the existing Commission may be re-nominated to the National Commission.

40 (2) The Chairperson and the non-official members shall not be removed from his office except after due enquiry made by the sitting judge of the High Court of Delhi and recommended as such to the President.

(3) Any member may, by writing under his hand and addressed to the Central Government, resign his office at any time.

Term of the Central Commission and conditions of service of the members.

(4) Any vacancy arising by reason of resignation of any member of the Central Commission under sub-section (3) shall be filled up within six months in accordance with the provisions contained in section 7:

Provided that the person so appointed shall hold office only for the remaining period of term of the person in whose place he is appointed. 5

(5) The Central Government may remove any member, if he,—

(a) is declared as undischarged insolvent;

(b) becomes incapable of continuing as such due to physical or mental disability;

(c) becomes of unsound mind and stands so declared by a court of competent jurisdiction; 10

(d) has been convicted for an offence, which in the opinion of the Central Government involves moral turpitude or financial irregularities;

(e) has, in the opinion of the Government, abused his official position so as to render his continuance in office prejudicial to public interest.

(6) The Central Commission shall regulate its own procedure for the conduct of its business with principles of participation, transparency and equity incorporated with periodic consultations organized with representatives of State Commissions, State Governments and farmer organisations across the country. 15

(7) The terms and conditions of service and the salary and allowances payable to the Chairperson, non-official members and staff of the Central Commission shall be such as may be prescribed. 20

Powers and functions of the Central Commission.

10. (1) The Central Commission shall,—

(a) recommend guaranteed remunerative minimum support price to the Central Government for all agricultural commodities having a profit margin of at least fifty *per cent.* over and above the comprehensive cost of production based on Schedule I; 25

(b) recommend additional incentives on specified agricultural commodities for fulfilling social or environmental policy imperatives:

Provided that the Central Commission may additionally take into consideration the recommendations from the State Commissions while finalizing its recommendation for additional incentives; 30

(c) recommend such measures that assure a remunerative and stable price environment for farmers including improvements in the storage and marketing infrastructure and procedures as well as adequate and appropriate support to producer organisations;

(d) monitor the prices being realised by farmers for various agricultural commodities all over the country and forward prompt advisories to all concerned agencies or departments for effective action to be taken; 35

(e) recommend to the Central Commission on all international trade agreements which affect agriculture directly or indirectly and report to the Central Government for the consideration of its recommendations; and 40

(f) recommend to the Central Government regulation of cost of agricultural inputs including seeds, fertilisers, pesticides, electricity, diesel and farm equipment.

(2) The Central Commission shall submit the recommendations to the Central Government for guaranteed remunerative minimum support price of all agricultural commodities for each year before the 15th day of February for the upcoming kharif season of that year and before the 15th day of July for the upcoming rabi season of that year. 45

Publication of all relevant information on website of the Central Commission.

11. (1) The Central Commission shall publish all relevant information including the cost estimations, basis of guaranteed remunerative minimum support prices, market price trends and ensuing action, recommendations, minutes of its sittings and any other material on its website in such manner as may be prescribed. 50

(2) The Central Commission shall prepare an annual report of its functioning of that year and shall submit to the Central Government in such form on or before such date as may be prescribed.

(3) The Central Government shall, on receipt of the annual report under sub-section (2), cause it to be laid before each House of the Parliament, as soon as may be, after the same is received by it.

12. (1) The Central Commission shall maintain proper accounts and other Accounts and relevant records and prepare annual statements of accounts in such form as may be prescribed. Accounts and Audit.

(2) The accounts of the Central Commission shall be audited annually and the audit report shall be placed before each House of the Parliament, along with the Annual Report by the Central Government.

CHAPTER IV

STATE FARMERS' AGRICULTURAL COSTS AND REMUNERATIVE PRICE GUARANTEE COMMISSION

13. (1) The State Government shall, within six months after the commencement of this Act, by notification in the Official Gazette, constitute an autonomous body corporate to be known as the State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission (hereinafter referred as State Commission) for the purpose of exercising the powers and performing the functions under this Act, and recommending and implementing the guaranteed remunerative minimum support prices for all agricultural commodities in the State. Constitution of State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission.

(2) The State Commission shall consist of,—

(a) a full time Chairperson, who shall be a farmer and well qualified and experienced in agricultural economics and conversant with various agricultural faculties;

(b) five representatives of farmers including representatives of Farmers Organisations and persons, including women, with proven record of having worked on farmers' issues and good knowledge of agricultural economy, representing, as far as possible, from the different regions of the State—non-official members;

(c) one agricultural expert or research scientist having requisite academic qualifications in agricultures, Agricultural Economics or Agricultural Science, and with at least fifteen years of experience in the field of expertise— non-official members;

(d) four officials each from the Department of Agriculture, Horticulture, Animal Husbandry and Fisheries to be recommended by the Directors of the Department of the State Government concerned—members;

(e) an official of Department of Agricultural Marketing or equivalent of the State Government concerned — member Secretary,

to be appointed by the State Government in such manner as may be prescribed:

Provided that one of the non-official members shall be designated as Vice-Chairperson so that proceedings are not affected in the absence of the Chairperson for any reason to be appointed by the State Government in such manner as may be prescribed.

(3) The Chairperson and members of the State Commission shall be nominated on the recommendation of a Selection Committee consisting of—

(i) the Chief Minister who shall be the Chairperson;

(ii) the Leader of Opposition in the State Assembly or the leader of the single largest group or party in opposition in the State Assembly; and

(iii) the Minister for Agriculture of the State Government concerned.

(4) The Selection Committee shall, while nominating the Chairperson or a Member, take into consideration equitable regional representation from across the State, sectoral representation, gender and social background on a rotational basis for representation of different regions within a State every time the State Commission is re-constituted or vacancies filled: 5

Provided that in case of member nominated under clauses (b) and (c) of sub-section (2), the Selection Committee shall take into account the representation of the Scheduled Castes and the Scheduled Tribes.

(5) The State Government shall ensure that no member including Chairperson represents any conflict of interest in discharge of his functions. 10

(6) The State Government shall appoint such member of staff members as may be necessary to assist the State Commission in such manner as may be prescribed.

(7) In the discharge of their duties, the member Secretary and other staff referred to in sub-section (6) shall be subject to the administrative control of the State Commission, represented by the Chairperson. 15

Term of the State Commission and conditions of service of the members.

14. (1) The term of the State Commission shall be five years:

Provided that the State Government shall re-constitute the State Commission at least ten months prior to the end of the tenure of the existing Commission:

Provided further that the State Government may extend the term of the existing Commission if it deems necessary. 20

(2) The Chairperson and the non-official members shall not be removed from his office except after due enquiry made by the sitting judge of the High Court of the State concerned and recommended as such to the State Government.

(3) Any member may, by writing under his hand and addressed to the State Government, resign his office at any time. 25

(4) Any vacancy arising by reason of resignation of any member of the State Commission under sub-section (3) above or otherwise shall be filled up in accordance with the provisions contained in section 12:

Provided that the person so appointed shall hold office only for the remaining period of term of the person in whose place he is appointed. 30

(5) The State Government may remove any member, if he,—

(a) is declared as undischarged insolvent;

(b) becomes incapable of continuing as such due to physical or mental disability;

(c) becomes of unsound mind and stands so declared by a court of competent jurisdiction; 35

(d) has been convicted for an offence, which in the opinion of the Central Government involves moral turpitude or financial irregularities;

(e) has, in the opinion of the Government, abused his official position so as to render his continuance in office prejudicial to public interest.

(6) The State Commission shall regulate its own procedure for the conduct of its business based on principles of participation, transparency and equity and shall include periodic consultations with representatives of farmer organisations from various regions of the State representing different sectoral interests. 40

(7) The terms and conditions of service and the salary and allowances payable to the Chairperson, non-official members and staff of the State Commission shall be such as may be prescribed. 45

(8) The headquarters of the State Commission shall be at the capital of the State Government concerned.

(9) The Chairperson and the members of the State Commission shall not be a Member of Parliament or Member of State Legislature of any State or Union territory, as the case may be, or hold any office of profit.

15. (1) The State Commission shall,—

(a) recommend to the Central Commission the guaranteed remunerative minimum support price of all agriculture commodities for the State for each year, having regard to the factors mentioned in Schedule 1, ensuring that such recommendation is made before the 31st day of January for the upcoming kharif season and before the 30th day of June for the upcoming rabi season;

(b) recommend to the State Government higher prices that shall be fixed as the State level guaranteed remunerative minimum support price including a bonus as specified under section 7 and applicable only within that State, over and above the guaranteed remunerative minimum support price notified by the Central Government taking into account a minimum fifty *per cent.* profit margin over any higher cost of production in the State, and other policy considerations of incentivizing particular crops and commodities for balanced and sustainable agricultural growth;

(c) recommend guaranteed remunerative minimum support price for agricultural commodities which have been left out by the Central Commission for any reason;

(d) monitor the price situation in various markets on a regular basis and to send advisories based on such monitoring, for appropriate action to be taken, and oversee the implementation of such advisories by the State Government for their efficacy;

(e) inquire into failures to discharge duties, on particular public servants and authorities as well as contract farming cases and recommend penalties to be imposed as per section 26;

(f) recommend to the Central Commission on matters related to the State;

(g) maintain a fund for paying compensation to farmers, as ordered by the Taluka Level Committee for non-receipt of guaranteed remunerative minimum support prices or delayed payment for sale of agricultural commodity as specified under section 27; and

(h) recommend to the State Government regulation of cost of all agricultural inputs including seeds, fertilisers, pesticides, electricity, diesel and farm equipment.

(2) The State Commission shall publish all relevant information including its cost estimations, basis for bonus recommendations, market price trends and ensuing action and recommendations, inquiry reports as per sub-section (1) above, minutes of its meetings or sittings and any other material on its website.

(3) The State Commission shall prepare a report of its functioning of that year under this Act and the same shall be submitted to the State Government in such form on or before such date as may be prescribed:

Provided that the annual report submitted to the State Government by the State Commission shall be laid before each House of the State Legislature, as soon as may be, and certainly in the ensuing Session of the Legislature, after the same is received by the State Government.

(4) The State Commission shall maintain proper accounts and other relevant records and prepare annual statement of accounts in such form as may be prescribed:

Provided that the accounts of the State Commission shall be audited annually and the audited report shall be placed before each House of the State Legislature, along with the annual report.

Powers and functions of the State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission.

Constitution of State Compensation Fund.

16. (1) The State Commission shall, by notification in the Official Gazette, constitute and maintain a State Compensation Fund consisting of allocations from the Central Government and funds collected as penalties for offences punishable under this Act.

(2) The Funds shall be utilized for compensation payments to farmers as required and as specified under section 27.

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CHAPTER V

IMPLEMENTATION OF GUARANTEED REMUNERATIVE MINIMUM SUPPORT PRICES

Bar on auction or offer of price below guaranteed remunerative minimum support prices.

17. (1) It shall be the duty of the appropriate Government to ensure that all agricultural markets including Agriculture Produce Market Committee establishment by the State Government concerned, the auction or offer price for every agricultural commodity begin with the guaranteed remunerative minimum support price as the floor price and no auction shall be allowed below the said price.

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(2) Any agreement entered into orally or by any other means, between purchaser/ traders or commission agents that directly or indirectly results in bid rigging or collusive bidding, that limits, controls or attempts to control the sale or price of or trade in agriculture commodities or provision of services in the market or outside market with intent to suppress the prices, shall be presumed to have an appreciable adverse effect on guaranteed remunerative minimum support price and shall be illegal and liable for penalties mentioned under section 25, including cancellation of license by the concerned authorities on complaint by the aggrieved farmers or public interest group or upon *suo-motu* monitoring, public interest groups and surveillance by designated public authorities.

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(3) Any trader, including a trader in any contract farming arrangement, purchasing any commodity below the guaranteed remunerative minimum support price shall be liable for penalties under section 25 including termination of his contract by the State Government's designated authority upon due inquiry into any complaint by the aggrieved farmers.

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(4) Any trader who abstains from purchasing any agricultural commodity with a view to violate the rights conferred on farmers as per the provisions of this Act, especially during the quarter succeeding the seasonal harvest of a given commodity shall be liable for penalties under section 25 including cancellation of his license by the State Government:

Provided that any trader may take resort to the grievance redressal mechanism prescribed under section 27.

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Appropriate Government to open Procurement Centres.

18. The appropriate Government shall—

(a) open adequate number of procurement centres for all agricultural commodities, either directly, or through designated procurement agencies or through trader's bodies, self help groups or Farmer Producer Organisations, in a localized manner as far as possible, for procuring sufficient quantities for food security schemes and commodity corporations at or above guaranteed remunerative minimum support price;

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(b) provide adequate arrangements at least four weeks before the beginning of the harvest of the particular crop including storage facilities and transportation including weighing scales, gunny bags, testing and other required equipment for such procurement operations;

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(c) ensure instant and same-date payment directly to the farmer by the procurement agency; and

(d) ensure sufficient publicity of the procurement centre operations within the jurisdiction of such a centre.

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Timely and effective market intervention by State Government.

19. The Central Government shall ensure implementation of Timely and Effective Market Intervention Scheme by State Governments within two days of fall in market prices, in all perishable and other notified agricultural commodities, including potatoes, onions, tomatoes and plantation commodities and shall provide sufficient financial outlays to ensure

purchases at guaranteed remunerative minimum support price and instant payments to the farmers.

20.	The Central Government shall—	Measures to regulate imports of agricultural commodities.
5	<p>(a) put into place measures to prevent import of subsidized agricultural commodities from elsewhere, and by enhancing import duties and other measures; and</p> <p>(b) ensure that the landing price of agricultural commodities from other countries is at least equal to guaranteed remunerative minimum support price at any given point of time.</p>	
10	<p>21. The appropriate Government shall,—</p> <p>(a) implement schemes effectively to prevent farmers from selling agricultural commodities at low cost due to financial compulsion, including massive increase in access to storage facilities to enable all farmers to store their produce and sell at a time of remunerative prices;</p> <p>(b) provide negotiable warehouse receipts to enable the farmers to access finance of at least seventy-five <i>per cent.</i> of the value of the stored crop valued at guaranteed remunerative minimum support price or market value whichever is higher; and</p> <p>(c) make available adequate storage facilities and agro-processing facilities to traders especially for perishable products to guard against withdrawal of buyers from the market.</p>	Measures to prevent distress sales.
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20	<p>22. (I) The appropriate Government shall constitute a Fund to make investments in organizing farmers into Farmers or Workers' producing Cooperative Societies, Farmer Producer Organisations with sufficient infrastructure and financial capital to run their market enterprises including processed, value-added produce, in a tax free atmosphere:</p> <p>Provided that additional incentives shall be provided to Women Farmers' Producer Organisation.</p>	Investments on Farmer Producer Organisations.
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30	<p>23. The appropriate Government shall take all necessary measures to reduce the cost of production by reducing the input costs through subsidies on inputs, like seed, fertilizer, pesticide, electricity, diesel and farm equipment by promoting low-cost sustainable methods of agriculture.</p> <p>24. The appropriate Government shall designate and notify specific public authorities at all levels from the block level, who shall be responsible for monitoring the prices paid by traders, taking punitive action against those who contravenes the provision of this Act, opening procurement centres taking up market intervention and payment of compensation in time.</p>	Measures to reduce and regulate input costs.
35	<p>25. The State Governments shall implement effective mechanism for identifying the actual cultivators including tenant farmers, sharecroppers, women farmers and adivasis, by registering and issuing them a means of identification, and ensuring that they get the benefit of guaranteed remunerative minimum support prices through procurement and market intervention and other mechanisms specified in this Act.</p>	Designating and notifying the responsible public authorities.
40	<p style="text-align: center;">CHAPTER VI</p> <p style="text-align: center;">OFFENCES AND PENALTIES</p>	Identification and extension of benefits to actual cultivators.
45	<p>26. (I) Any trader, including a person engaged in a contract farming arrangement, who contravenes the provision of section 17 shall be deemed to have committed a cognizable offence and shall be punished with,—</p> <p>(a) for first time offence, a penalty equal to twice the total deficit suffered by the farmers on account of the violation by the trader and imprisonment for a term of three months;</p>	Offences and Penalties.

(b) for second time offence, a penalty equal to twice the total deficit suffered by farmers on account of the violation by the trader, and imprisonment for a term of six months; and

(c) for third time offence, a penalty equal to three times the total deficit suffered by the farmers on account of the violation by the trader and imprisonment for a term of one year as well as barring from any future trading for all non-Governmental traders. 5

(2) The public servants and authorities found guilty by the State Commission for not discharging their duties diligently or fail to promptly initiate action against traders purchasing below guaranteed remunerative minimum support price or effective market intervention or fail to provide compensation as specified under section 23 read with section 14 without reasonable cause or found to be willfully neglecting his duty, shall be liable to a penalty equal to one month's salary, to be deducted from his salary and punished with imprisonment for a term of six months. 10

CHAPTER VII

GRIEVANCE REDRESSAL AND COMPENSATION 15

Provision of compulsory payment of compensation for not obtaining guaranteed remunerative minimum support price.

27. (1) Any farmer who is not paid by the trader the guaranteed remunerative minimum support price for his sale of agricultural commodities shall be entitled to a compensation payable from the Fund equal to the difference between the guaranteed remunerative minimum support price and price obtained by the farmer.

(2) Any farmer who does not get instant and direct payment that fully covers the total value of the agricultural commodity sold at guaranteed remunerative minimum support price from any buyer including Government procurement agencies such farmer shall be entitled to get for compensation fixed at fifteen *per cent.* on the total payment due from the buyer for such delay every month. 20

Constitution of Taluka level Grievance redressal; Committee for payment of compensation to farmers.

28. (1) **The State Commission shall constitute a three Member Grievance Redressal Committee at Taluka level to redress complaints from farmers under sub-sections (1) and (2) of section 27.** 25

(2) The Grievance Redressal Committee shall consist of a Taluka level representative each from the Department of Agriculture and Marketing of the State Government concerned and a farmers' representative. 30

(3) The Grievance Redressal Committee shall follow a simple verification procedure as prescribed.

(4) The Grievance Redressal Committee shall resolve each complaint within one month from the date of receipt of the complaint.

(5) The Grievance Redressal Committee shall issue orders for payment of compensation to the farmers from the State Compensation Fund constituted under section 15. 35

CHAPTER VIII

OBLIGATIONS ON THE CENTRAL AND STATE GOVERNMENTS

Central Government to provide adequate funds.

29. (1) **The Central Government shall, after due appropriation made by Parliament by law in this behalf, reserve and spend adequate funds for a comprehensive assessment of costs for all commodities including by instituting systems for collection of data for such agricultural commodities for which such data systems do not exist at that point of time.** 40

(2) **The Central Government shall provide adequate financial outlays for the effective functioning of the Central Commission including primary research and other such work of the Commission, as well as for office, infrastructure and day to day functioning.** 45

(3) **The Central Government shall reserve adequate financial outlays to be transferred to designated procurement agencies in time for procurement and market intervention operations.**

(4) The adequacy and utilization of financial outlays may be reviewed by the Central Commission on an annual basis, for lower or higher or similar outlays for the subsequent budget to be utilised for payment of compensation to farmers through the State Commissions and their State Compensation Fund.

5 **30. The State Government shall reserve and provide adequate funds to the State Commission for its efficient functioning and to meet the obligations of fixing any State level guaranteed remunerative minimum support price over and above the Central Government's notification of guaranteed remunerative minimum support price.**

State Government to provide adequate funds.

CHAPTER IX

MISCELLANEOUS

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31. The provisions of this Act of any rule or order made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any law, or any instrument having effect by virtue of any law other than this Act.

Overriding effect of Act.

15 **32.** Every member of the Central and the State Commission and the member-Secretary and other staff appointed under section 12 shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code, 1860.

45 of 1860.

Members and staff of Commissions deemed to be public servants.

33. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, as occasion requires, do anything not inconsistent with the provisions of this Act, which appears to them to be necessary for the purposes of removing the difficulty:

Power to remove difficulties.

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(2) Every order made under this section shall be laid before each House of the Parliament.

34. (1) The appropriate Government may, by notification in the Gazette, make rules for the purpose of carrying in to effect the provisions of this Act.

Power to make rules.

25 (2) Every rule made under this Act by the Central Government shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of fourteen days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid both Houses agree in making any modification in the rule or both the
30 Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

35 (3) Every rule made by the State Government under this Act shall laid, as soon as may be after it is made, before the State Legislature.

SCHEDULE

(See section 4)

1. **METHODOLOGY** : Methodology adopted for cost estimation shall be cost-accounting based, with opportunity costs fully included for various resources, capital items and services, in addition to interest on fixed capital etc.

2. **COST COMPONENTS**: The cost components will cover both in cash and kind costs, in addition to imputed value of some inputs, services and assets/resources, and all of them shall be included in the Estimation of Comprehensive Cost of Production.

(a) Paid Out Costs

- (i) Hired labour - human, animal, machinery;
- (ii) Maintenance expenses on owned animals and machinery for the entire year and not limited to only their utilization time;
- (iii) Actual Expenses on material inputs such as seed (home grown and purchased), fertilizer, manure (owned and purchased), pesticides including insecticides and weedicides, irrigation;
- (iv) Depreciation on implements and farm buildings (such as cattle sheds, pump sheds, machine sheds, storage sheds, tractor etc.);
- (v) Land revenue and other taxes;
- (vi) Rent paid for leased-in land at actual rates;
- (vii) Interest paid on credit borrowed;
- (viii) Insurance premium paid;
- (ix) Processing, Transport and Marketing costs (like cleaning, grading, drying, packaging, marketing, transportation, time spend for all these post-harvest activities, mandi taxes) etc.;
- (x) Miscellaneous expenses.

(b) Imputed Costs

- (i) Value of Family Labour - at currently prevalent skilled wage rates notified by the government for that area, or market wage rates for skilled workers, whichever is higher and with complete labour assessment for all days of family labour and not just data pertaining to chosen agricultural operations;
- (ii) Rent of owned land at prevailing market value without any ceilings of fair rents applied as under any other legislation;
- (iii) Interest on owned fixed capital at prevalent market value;
- (iv) Interest on working capital, including the cost of borrowing (in terms of time and paperwork), at actuals including from non-institutional sources - such interest charges will be applied to the full life of crop season;
- (v) Risk margin of ten *per cent.* over Cost of Cultivation per hectare;
- (vi) Managerial cost, at ten *per cent.* of the Cost of Cultivation arrived at, by using all the above cost components, with the methodology specified in Projected Costs below.

(c) Projected Costs

In the context of time lags between data collection and estimation of comprehensive cost of production for recommendations of guaranteed

remunerative minimum support price for a given season, it is mandated that projected costs shall use a Composite Variable Input Index using rate of inflation of different inputs with the same being applied to fixed costs also in addition to applying it to the increase in the quantum of utilization of the input. Interest and Depreciation on fixed capital should be projected using the rate of inflation in construction material. Land rent should be projected by raising it by index number (WPI) of agricultural commodities which is the main determinant of variation in land rent.

In the case of plantation crops, separate procedures to be drawn up to apportion initial costs over the plantation crop annual period, in addition to maintenance costs with built-in losses.

3. YIELD DATA THAT IS TO BE USED FOR CONVERTING COST OF CULTIVATION TO COST OF PRODUCTION: This shall be based on a reconciliation between crop cutting experiments-based data from Departments of Agriculture/Horticulture and what is collected from a sample set of farmers for Cost Estimations.

4. SAMPLE FOR DATA COLLECTION: Two villages from each selected block are to be taken, with number of operational holdings selected from 3 size classes of less than 1 ha, 1-2 ha and more than 2 ha to be 3, 2 and 1 respectively (six sample units from each village). In each State, two strata to be used for drawing sample—one, for major crops and another for minor crops, to select blocks or tehsils, with the same approach to be extended to selection of villages within selected block or tehsil. A minimum sample size of at least 500 operational holdings is to be maintained State-wise.

5. AVERAGING OF COST AT THE NATIONAL LEVEL: The guiding principle for this should be to strike a balance between efficiency consideration and maximum coverage of farmers. Bulkline cost comprising seventy-five *per cent.* of farmers $[(50+100)/2]$ shall be used to arrive at Comprehensive Cost.

At the State Level:

(a) All the above shall be applicable to the State Level Cost Estimations too. Averaging of Cost at the State Level shall be based on Bulkline Average from different agro-ecological regions within the State;

(b) Guaranteed remunerative minimum support price Bonus shall be based on ensuring that at least fifty *per cent.* of the State level average comprehensive cost of production is covered, in addition to any other policy incentives that the State Commission may provide.

STATEMENT OF OBJECTS AND REASONS

More than fifty-five *per cent.* of India's population is principally dependent on agriculture for their livelihood. The past two decades, since 1995, have recorded more than 3,00,000 cases of suicides by farmers. Indian Government data shows 12,602 farmers killed themselves in 2015 alone, mostly owing to economic distress. Indebtedness was responsible for 38.7 per cent. of suicides, while crop failures or the inability to sell produce lead to another 19.5 *per cent.* of suicides. More than forty-three *per cent.* of farmers who killed themselves in 2015 had small holdings.

Data reveals that very often, even the cost of production is not recovered by farmers in realized prices, whereas the farm family has living expenses in addition to investments in farming. At present, the Commission on Agricultural Costs and Prices, for determining the Minimum Support Price (MSP), considers (1) Demand and supply; (2) Cost of Production; (3) Price trends in the market, both domestic and international; (4) Inter crop price parity; (5) Terms of trade between agriculture and non-agriculture; (6) Likely implication of MSP on consumers of that product. Using these various parameters, MSP is often fixed even below the cost of production, ignoring the right to life and livelihood of the producer.

Meanwhile, the food prices for consumers, especially those who are poor, have been secured at affordable rates through at least two legislations in the country—the Food Security Act, 2013 and the Essential Commodities Act, 1955. Therefore, there is every reason for price determination for farmers to take the sole mandate of securing adequate net returns to a farmer, over and above the comprehensive cost of production, rather than considering other parameters.

In view of the above, to uphold the right to life and livelihood of farmers, which are their fundamental rights, it is proposed to constitute National and State Farmers Agricultural Costs and Remunerative Price Guarantee Commissions which shall be autonomous body corporates, which should, once appointed, not to be under the control of the Central or the State Government and the determination of the comprehensive cost of production of the agriculture produce plus at least fifty *per cent.* profit margin as a guaranteed remunerative minimum support prices of each and every agricultural commodity by the Commission shall be final.

To confer such a right to guaranteed remunerative minimum support prices for sale of all agricultural Commodities of all farmers, it is expedient to regulate the prices offered by traders, and to lay down rules for public authorities for accountable functioning.

The Central Government takes decisions related to export and import of agricultural commodities keeping in view various factors. It is proposed that before taking such decisions, the Government should consult the Commission, and also take steps to ensure that the landing price of any imported commodity is not below the guaranteed remunerative minimum support prices fixed for that commodity within India at that point of time.

It is seen that to confer this legal right on all farmers to guaranteed remunerative minimum support prices, a redressal and compensation mechanism is necessary for farmers as well as traders.

It is felt that the right to guaranteed remunerative minimum support prices which includes at least fifty *per cent.* profit margin over the comprehensive cost of production will boost the morale of the farmer, who would be able to live comfortably, invest in his agricultural enterprise thereby potentially increasing productivity and production to ensure national food security be able to avoid falling into a debt trap.

Hence this Bill.

NEW DELHI;
April 6, 2018.

RAJU SHETTI

FINANCIAL MEMORANDUM

Clause 4 of the Bill provides for sufficient funds by the Central Government for robust, accurate systems for cost estimations to be instituted for all agricultural commodities on a timely basis. Clause 7 provides for constitution of the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission. Clause 12 provides for constitution of the State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission. Clause 15 provides for constitution and maintenance of a State Compensation Fund consists of allocations from the Central Government by the State Commission. Clause 18 provides that the Central Government shall provide for implementation of timely and effective Market Intervention Scheme by State Government within two days of fall in market prices, in all perishable and other notified agricultural commodities, including potatoes, onions, tomatoes and plantation commodities and shall provide sufficient financial outlays to ensure purchases at guaranteed remunerative minimum support price and instant payments to the farmers. Clause 21 provides that appropriate Government shall constitute a fund to make investments in organizing farmers into Farmers or Workers' Producing Cooperative, and other Farmer Producer Organisations, with sufficient infrastructure and financial capital to run their market enterprises. Clause 22 provides that appropriate Government shall take all necessary measures to reduce the cost of production by reducing the input costs through subsidies on inputs, like seed, fertilizer, pesticide, electricity, diesel and farm equipment by promoting low-cost sustainable methods of agriculture. Clause 27 provides for setting up of a three Member Grievance Redressal Committee at Taluka level to redress complaints from farmers. Clause 29 provides that the Central Government shall, after due appropriation made by Parliament by law in this behalf, reserve and spend adequate funds for a comprehensive assessment of costs for all commodities including by instituting systems for collection of data for such agricultural commodities. Clause 30 provides that the State Governments shall reserve and provide adequate outlays for the State Commission to function effectively and to meet the obligations of fixing any State level guaranteed remunerative minimum support price over and above the Central Government's notification of guaranteed remunerative minimum support price. The Bill, therefore if enacted, will involve expenditure from the Consolidated Fund of India. However at this stage it is not possible to estimate the exact amount which is likely to be incurred towards recurring and non-recurring expenditure for the purpose.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 34 of the Bill empowers the appropriate Government to make rules for carrying out the purpose of this Act. As the rules will relate to matters of detail only, the delegation of legislative power is, therefore, of a normal character.

LOK SABHA

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BILL

to confer a right on farmers to guaranteed remunerative minimum support prices for agricultural produce with minimum fifty *per cent.* Profit margin above comprehensive cost of production upon sale of agricultural commodities and for matters connected therewith or incidental thereto.

(Shri Raju Shetti, M.P.)