# Bill No. XX of 2017

**THE FARMERS’ RIGHT TO ASSURED REMUNERATIVE PRICES FOR AGRICULTURAL PRODUCE BILL, 2017**

**KRISHI UPAJ LAABHKARI MOOLYA GUARANTEE BILL**

***A Bill***

***to confer a right on all farmers, to obtain an assured remunerative price upon sale of agricultural produce and for matters connected therewith or incidental thereto.***

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

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 farmers do not get adequate return of their investment and toil despite good production, and therefore the condition is steadily deteriorating and tens of thousands of farmers are committing suicide every year;

AND WHEREAS, the price realized by farmers for their produce is not providing sufficient returns above the cost of production to provide income to sustain basic needs of the households;

AND WHEREAS, ensuring adequate returns in agriculture is essential to safeguarding the food security and food sovereignty of the nation;

AND WHEREAS, to improve the condition of farmers and ensure food sovereignty of the nation, it is essential to provide them a right to assured remunerative price for all agricultural produce;

AND WHEREAS, the government is obligated to prevent farmer suicides;

NOW, THEREFORE, Be it enacted by Parliament in the Sixty-eighth year of the Republic of India, as follows:-

**Bill No. XXX of 2017**

**THE FARMERS’ RIGHT TO ASSURED REMUNERATIVE PRICE FOR AGRICULTURAL PRODUCE, 2017**

A

BILL

*To confer a right on all farmers, to obtain an assured remunerative price upon sale of agricultural produce, and for matters connected therewith, or incidental thereto.*

 BE it enacted by the Indian Parliament in the sixty-eighth Year of the Republic of India as follows:-

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| 1. | **Chapter I:****PRELIMINARY – DEFINITIONS & INTERPRETATIONS**(1) This Act may be called the **Farmers’ Right to Assured Remunerative Price for Agricultural Produce, 2017**(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, shall specify in this behalf. (3) It extends to the whole of India. | Short title, extent, and commencement |
| 2. | In this Act, unless the context otherwise requires,-1. “agriculture” includes horticulture, farming and growing of medicinal plants, crops and intercrops, fruits, vegetables, milk production, gathering of minor forest produce, flowers, grass, fodder grass and trees or any kind of cultivation of soil, conducting nursery, breeding and keeping of livestock including fish mussel, bees, silkworm, poultry, duck, cattle or pig and the use of land for agriculture allied activities or any other agricultural purposes;
2. “agricultural expert” includes a person by virtue of academic qualification and proven academic record;
3. “Assured Remunerative Price” is the price that has at least 50% profit margin over and above the comprehensive cost of production of a given agricultural commodity; at the state level, this could include Bonus announced by the state government additionally, over and above the Assured Remunerative Price announced by the Central Government
4. “Commission” means the Central Agricultural Costs and Prices constituted under Section 4;
5. “Deficit Payment” means the difference in amount, of price obtained by a farmer and the Assured Remunerative Price, that shall be paid to the farmer, as per Section 13 of this Act, as direct benefit transfer;
6. “farmer” means a person actively engaged in the economic and/or livelihood activity of growing crops, or producing other primary agricultural commodities with or without land ownership, and will include all agricultural operational holders, cultivators, agricultural labourers, sharecroppers, tenants, poultry and livestock rearers, fishers, beekeepers, pastoralists, non-corporate planters and planting labourers as well as forest-gatherers. Self-help groups doing cultivation on collectively owned or leased-in land are included.
7. “Government” means the Central Government;
8. “markets” mean regulated markets, as well as contract farming arrangements that different entities have for procuring agricultural commodities from farmers, milk collection centres, procurement centres opened by different public sector agencies and other market yards run by government agencies including Panchayats;
9. “member” means a member of the Commission and includes the Chairperson;
10. “prescribed” means prescribed by rules under this Act;
11. “State Commission” means the Commissions set up at the state level as per Section (9) of this Act;
12. “trader” means any individual, or any other regulated entity including sole proprietorship, joint partnership, public sector or corporate entity, that purchases agricultural commodities from farmers directly;
 | Definitions |
| \3. | **Chapter II:** **ASSURED REMUNERATIVE PRICE FOR ALL AGRICULTURAL COMMODITIES**1. Every farmer shall be entitled to an Assured Remunerative Price for all agricultural commodities;

(2) The Government, through the Commission on Agricultural Costs and Prices (CACP), shall institute robust, accurate systems for estimation of Cost of Production for all agricultural commodities produced by Farmers as defined under Schedule of this Act, Provided that 1. the Cost estimation shall be comprehensive with all paid-out costs, imputed costs including land rental, family labour at skilled wage rates and managerial costs included,
2. that deficiencies in estimation shall be periodically reviewed and corrections implemented;
3. that for those commodities where the system of cost estimation does not exist, the Government shall institute such systems that require data collection on a timely basis;

(3) The Assured Remunerative Price shall be fixed based on the recommendations of the CACP,Provided that the Assured Remunerative Price shall provide at least 50% profit margin above the comprehensive Cost of Production as stipulated in 3(2);(4) As soon as may be, after the receipt of recommendation of the Commission, Central Government shall declare the Assured Remunerative Prices of all agricultural commodities;(a) Further specified that the Assured Remunerative Prices shall be declared by the Government on or before March 31st of every year for the ensuing Kharif production season and on or before August 31st of every year for the ensuing Rabi production season;(5) Nothing shall preclude the State Governments from declaring a bonus in addition to the Assured Remunerative Price declared by the Central Government. | Right of Farmers to Assured Remunerative PriceComprehensive estimation of Cost of ProductionDetermination of Assured Remunerative PriceDeclaration of Assured Remunerative Price by Central GovernmentPower of States to declare bonuses |
| 4. | **Chapter III:** **COMMISSION ON AGRICULTURAL COSTS AND PRICES (CACP)**(1) The Government shall bring under the purview of this Act, as soon as may be after the commencement of this Act, by notification in the Gazette, the existing Commission on Agricultural Costs and Prices (CACP), for the purpose of exercising the powers and performing the functions under this Act, with consequent changes in the existing constitution, mandate and terms of reference.(2) The Commission shall be expanded to consist of eleven members, namely:– 1. An agricultural economics expert : Chairperson (full time)
2. An official not less than Joint Secretary level from the Department of Agriculture, Cooperation & Farmers’ Welfare, Ministry of Agriculture and Farmers’ Welfare : Member
3. five representatives of farmers, including leaders of farmers unions and persons with a proven record of having worked on farmers’ issues : Non Official Members
4. three agricultural experts : Non Official Members
5. an official of the Ministry of Agriculture, Cooperation & Farmers’ Welfare:: Member-Secretary (full time)

(3) The Chairperson and Members shall be nominated by the Government.(4) Such nominations shall take into consideration equitable regional representation from across the country, sectoral representation and gender, especially for sub-section (2) (iii) and (iv) above, and on a rotational basis for representation of different states every time the Commission is re-constituted or vacancies filled. (5) Government shall ensure that no Member including Chairperson represents any conflict of interest pertaining to the discharge of their functions. (6) The Government to appoint as many staff members as may be necessary, to assist the Commission in such manner as may be prescribed. (7) In the discharge of their duties, the Secretary and other staff referred to in subsection (6) shall be subject to the administrative control of the Chairperson. | Re-organising the Constitution of CACP and setting |
| 5. | (1) The term of the Commission shall be 5 years: Provided that, the Government may extend such period, if deemed necessary; (2) A member may, by writing under his/her hand and addressed to the Government, resign his/her office at any time. (3) A vacancy arising by reason of resignation of any member of the Commission under subsection (2) or otherwise shall be filled up in accordance with the provisions contained in section (4) of this Act: Provided that the person so appointed shall hold office only for the remaining period of term of the person, in whose place s/he is appointed.(4) Government may remove any member, if s/he,-- 1. is declared as undischarged insolvent/debtor:
2. becomes incapable of continuing as such, due to physical or mental disability:
3. becomes of unsound mind and stands so declared by a court of competent jurisdiction;
4. has been convicted for an offence, which in the opinion of the Government involves moral turpitude or financial irregularities:
5. has, in the opinion of the Government, abused his/her official position so as to render his/her continuance in office prejudicial to public interest:

Provided that the person may be given an opportunity of being heard, before proceeding as such. (5) The Commission shall regulate its own procedure for the conduct of its business. (6) The salary and allowances, and the other conditions of service of the Chairperson and members shall be, as may be prescribed. | Term of the Commission and conditions of service of the members |
| 6. | 1. The Commission shall have all such powers as are necessary for achieving the objects of this Act, and in particular.-
2. To recommend Assured Remunerative Prices for all agricultural commodities based on a fixed formula of a minimum profit margin of at least 50% over and above the comprehensive cost of production;
3. To recommend all other such measures that will assure a remunerative and stable price environment for farmers, including improvements in the marketing infrastructure and procedures;
4. To monitor the prices being realised by farmers for various agricultural commodities all over the country and send prompt advisories to all concerned agencies/departments for effective action to be taken;
5. Power to be consulted on all export-import policies of Government of India, including on free trade agreements to be signed, so that the Commission may provide its recommendations, to advise the concerned Ministry on decision to be taken on the referred matter, with minimal adverse ramifications for the Assured Remunerative Prices announced.
 | Powers and functions of the Commission |
| **7.** | 1. The Commission shall publish all relevant information including the cost estimations, basis of Assured Remunerative Prices recommended, market price trends, minutes of its meetings/sittings and any other material on its website;
2. The Commission shall prepare a report of its functioning of that year under this Act and the same shall be submitted to the Government in such form on or before such date as may be prescribed;
3. The Annual Report submitted to the Government under sub-section (2) above shall be laid before the Parliament as soon as may be, after the same is received by the Government.
 | Transparent functioning, and Annual Report to be laid before the Parliament |
| **8.** | 1. The Commission shall maintain proper accounts and other relevant records and prepare annual statements of accounts, in such form as may be prescribed;
2. The accounts of the Commission shall be audited annually and the audited report shall be placed before the Parliament, along with the Annual Report by the government.
 | Accounts and Audit |
| 9. | **Chapter IV:** **STATE COMMISSIONS ON AGRICULTURAL PRICES**1. State governments shall set up a State Commission on Agricultural Prices and any existing Commissions with similar mandates will be brought under the purview of this Act, with the terms and conditions as laid down here under;
2. A State Commission on Agricultural Prices shall be constituted in all states to consist of seven members, namely:–
3. An agricultural economics expert : Chairperson (full time)
4. An official from the Department of Agriculture/ Horticulture/Animal Husbandry: Official Member
5. 3 representatives of farmers, including leaders of farmers unions and persons with a proven record of having worked on farmers’ issues : Non Official Members
6. 1 agricultural expert : Non Official Member
7. 1 official of the Department of Marketing (by whatever name such a department exists in a given state): Member-Secretary (full time)

(3) The Chairperson and Members shall be nominated by the State Government.(4) Such nominations shall take into consideration equitable regional representation from across the country, sectoral representation and gender, especially for sub-section (2) (iii) and (iv) above, and on a rotational basis for representation of different regions within a state every time the Commission is re-constituted or vacancies filled. (5) State Government shall ensure that no Member including Chairperson represents any conflict of interest pertaining to the discharge of their functions. (6) The State Government to appoint as many 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 Secretary and other staff referred to in subsection (6) shall be subject to the administrative control of the Chairperson under 9 (2) (i) above. | Constitution of State Commissions on Agricultural Prices |
| **10.** | (1) The term of the State Commission shall be 5 years: Provided that, the State Government may extend such period, if deemed necessary; (2) A member may, by writing under his/her hand and addressed to the Government, resign his/her office at any time. (3) A vacancy arising by reason of resignation of any member of the State Commission under subsection (2) or otherwise shall be filled up in accordance with the provisions contained in section 8 of this Act: Provided that the person so appointed shall hold office only for the remaining period of term of the person, in whose place s/he is appointed.(4) State Government may remove any member, if s/he,-- 1. is declared as un-discharged insolvent/debtor:
2. becomes incapable of continuing as such, due to physical or mental disability:
3. becomes of unsound mind and stands so declared by a court of competent jurisdiction;
4. has been convicted for an offence, which in the opinion of the State Government involves moral turpitude or financial irregularities:
5. has, in the opinion of the State Government, abused his/her official position so as to render his/her continuance in office prejudicial to public interest:

Provided that the person may be given an opportunity of being heard, before proceeding as such. (5) The State Commission shall regulate its own procedure for the conduct of its business. (6) The salary and allowances, and the other conditions of service of the State Commission Chairperson and members shall be, as may be prescribed. | Term of the State Commission and conditions of service of the members |
| **11.** | 1. The State Commission shall have all such powers as are necessary for achieving the objects of this Act, and in particular.-
2. To recommend to the state government additional prices that can be fixed as the state level Assured Remunerative Price, that will be applicable only within that state, over and above the ARP declared by the central government. Such a recommendation can take into account higher cost of production in the state, or other policy considerations of incentivising particular crops and commodities for balanced sustainable agricultural growth;
3. To monitor the price situation in various markets on a regular basis to send advisories for interventions and oversee the interventions being taken up by the state government for their efficacy;
4. To order deficit payments to all farmers in a region/district/commodity when average prices fall below the Assured Remunerative Price without individual farmers having to resort to Grievance Redressal as specified in section 15 (3);
5. To inquire into failures to discharge duties, on particular public servants and authorities and recommend penalties to be imposed as per section 15 (4) of this Act;
6. To send recommendations to CACP on related matters.
 | Powers and functions of the State Commission on Agricultural Prices |
| **12.** | **Chapter V:** **IMPLEMENTATION OF ASSURED REMUNERATIVE PRICE**1. In all agricultural markets of different forms including APMC markets, the auction or offer price for every crop will begin with the Assured Remunerative Price as the floor price and no auction shall be allowed below the said price;
2. No buyer, including a buyer in any contract farming arrangement, shall purchase any crop below the Assured Remunerative Price, and any buyer resorting to purchase below Assured Remunerative Price will be liable to prosecution;
3. There shall be de-barring of traders from abstaining from purchases in avoidance of this Act, especially during the quarter succeeding the seasonal harvest of a given commodity.

(3) The Government shall open adequate number of procurement centres for all commodities in as localised a manner as possible, for procuring sufficient quantities through food schemes and commodity corporations at or above Assured Remunerative Price to ensure a market for the farmers’ produce;(4) The Government shall implement timely and effective market intervention scheme in all commodities when market prices are going down, and shall provide sufficient financial outlays to ensure purchases at Assured Remunerative Price;(5) The Government shall implement effective mechanism for identifying the actual cultivators including tenant farmers and sharecroppers and ensuring that they get the benefit of Assured Remunerative Price, procurement and market intervention;(7) The Government shall be responsible for implementing effective schemes to prevent farmers from selling produce 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, and schemes like warehouse receipts which enable the farmers to access finance of at least 75% of the value of the stored crop valued at Assured Remunerative Price or market value whichever is higher;(8) The Government shall invest in organising farmers into Farmer Producer Organisations, with sufficient infrastructure and financial capital to run their marketing enterprises including processed, value-added produce;(9) The Government shall take all measures to reduce the cost of production by reducing the input costs through subsidies and schemes, and by promoting low-cost sustainable methods of agriculture | Bar on auction or offer of price below Assured Remunerative PriceObligation on the government to open Procurement CentresTimely and effective market interventionActual benefit to go to real cultivatorsOther measures to prevent distress salesInvestments on FPOsMeasures to reduce and regulate input costs |
| **13.** | **Chapter VI:** **GRIEVANCE REDRESSAL BY WAY OF DEFICIT PAYMENT AND COMPENSATION**1. Any farmer who does not obtain the Assured Remunerative Price for her/his sale of agricultural commodities is entitled to a Deficit Payment as defined, which is the difference between the price obtained by the farmer and the Assured Remunerative Price.
2. A 3-member Grievance Redressal Committee shall be set up at the district-level, under the administrative oversight of the Agricultural Marketing Department, to receive and resolve individual complaints from farmers who do not obtain Assured Remunerative Price for their sale.
	1. This Committee shall consist of a district level representative each of the agriculture and marketing departments, in addition to a Farmers’ Representative.
	2. Such a Committee shall follow a simple verification procedure to be followed in case of individual farmers, to determine the quantum of amount to be paid, and issue its directions for Deficit Payment for that farmer, within a month of receiving an application.
3. In the case of average market price which is below the Assured Remunerative Price for a particular commodity, the State CACP can recommend Deficit Payment to all eligible farmers who sold the particular commodity.
4. If a farmer does not receive the assistance and compensation as per the above, the farmer may approach the State Commission for grievance redressal.
 | Entitlement to Deficit Payment District level Grievance Redressal Committee and Orders for Deficit payment through DBTCompensation for delays |
| **14.** | **Chapter VII:** **OBLIGATIONS ON THE CENTRAL AND STATE GOVERNMENTS**1. The Government shall set aside 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 this point of time;
2. The Government shall set aside adequate financial outlays for the effective functioning of the CACP including for commissioned primary research and other such work of the Commission;
3. The Government shall set aside adequate financial outlays for setting up an “Assured Market Prices Fund” with an initial outlay of Rs. 100,000 crores for effective market intervention, which is in addition to the financial outlays given to various agencies for procurement of food grains under the ongoing food schemes.
4. Such a Fund to be utilised for Direct Benefit Transfer of Deficit Payments as ordered by District Level Committees, to be executed within one month of the Committee’s written orders on the same
5. State Governments to set up their own Funds with adequate outlays, to meet the obligations of fixing any ARP over and above the CACP’s recommendation and government’s announcement of Assured Remunerative Prices.
 | Obligations of the Central Government |
| **15.** | **Chapter VIII:** **OFFENCES AND PENALTIES**1. Any trader who is found to be contravening the Section 12 (1) and (2) clauses of this Act, by purchasing below the ARP shall be subject to a penalty of one lakh rupees;
	1. A second-time offence by a trader shall attract a higher penalty of two lakh rupees;
	2. A third time offence shall attract penalty of three lakh rupees as well as barring from any future trading, for all non-governmental traders;
2. The public servants and authorities found guilty by the State Commission on Agricultural Costs and Prices, for lack of effective monitoring, for failure to promptly initiate prosecution action against traders purchasing below Assured Remunerative Prices, and for lack of effective market intervention and also for failure to provide Deficit Payment and Compensation as specified in 11 (1) (d) of this Act, without reasonable cause or wilfully neglecting their duty, shall be liable to penalty of at least Rs. 50,000/-.
 | Offences and Penalties under this Act |
| 16. | **Chapter IX:****MISCELLANEOUS**The provisions of this Act or any rule or order made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any law, other than this Act, or any instrument having effect by virtue of any law other than this Act. | Overriding effect of Act. |
| 17. | Every member of the Commission nominated under sub-section (2) of section 4, sub-section (2) of section 9 and the Secretary and other staff appointed under sub-sections (6) of Section 4 and 9, shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code 1860 (Central Act 45 of 1860). | Members of the Commission shall be public servants. |
| 18. | (1) If any difficulty arises in giving effect to the provisions of this Act, the 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 purpose of removing the difficulty: (2) Every order made under this section shall be laid before the Parliament. | Power to remove difficulties |
| 19. | (1) The Government may, by notification in the Gazette, make rules for the purpose of carrying in to effect the provisions of this Act. (2) Every rule made under this section, shall be laid, as soon as may be after it is made, before the 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 in which it is so laid or the session immediately following, the Parliament makes any modification in the rule or decides that the rules 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. | Power to make rules. |