

Webinar Meeting

with Farmer Producer Organizations (FPOs)

on

**“Promulgation of Ordinances passed on 5th June,
2020 in the Agriculture & Allied Sector”**

Date & Time: 11th June, 2020 at 12:00 P.M.

Open Trade in Farm Produce, Efficient Supply Chains and Smart Farming

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PRESENT SCENARIO OF FPOs IN THE COUNTRY

Presently, around 5000 FPOs (including FPCs) are in existence in the country. These were formed under various initiatives of the Govt. of India (including SFAC), State Governments, NABARD, as well as other organisations over the last 8-10 years.

Sl.	Promoting Agency	No. of FPOs
1.	SFAC	910
2.	NABARD	2086
3.	State Governments (Funded by leveraging RKVY or the World Bank funds)	510
4.	NRLM (MoRD)	131
5.	Other Organisations/Trust/Foundation etc.	1376
Total		5013

In general, it is estimated that around best 30% of these FPCs are currently operating viably and around 20% are still struggling to survive. Around 50% are still in the phase of mobilisation, equity collection, business planning other management related developmental stages (MANAGE Report, 2019).

However, out of the FPOs promoted under SFAC, it is estimated that around 60% of FPCs are operating, and around 20% are struggling for scaling up business activities, and around 20% are in the phase of mobilisation, equity collection, business planning and other developmental activities.

Trade and Commerce Ordinance.

- Farmers Produce includes:
 - Foodstuffs : cereals, pulses, oilseeds, fruits & vegetables
 - Fruits, nuts, spices and sugarcane
 - Products of piggery, goatery fishery, poultry & dairy
 - Cattle fodder including oil cakes and other concentrates
 - Raw Cotton, cotton seeds and raw jute.

Trade and Commerce Ordinance.

- Freedom to farmers and traders for sale and purchase of Farmers Produce.
- Remunerative Prices of farmers produce through competitive alternative trading channels.
- Barrier free intra state and inter state trade.
- Regulations of APMC limited to physical boundaries of notified yards.
- Facilitative framework for electronic trading.
- New players can enter the market without any licensing.

Trade and Commerce Ordinance.

- All farmers produce covered whether notified or not.
- Wider definition of 'person' to include all collectives like FPOs, Cooperatives, Groups formed under any scheme.
- Concept of 'Trade Area' introduced to include farm gate, factory premises, warehouses, silos, cold storages any other structure or place.
- Physical boundary of APMC Act notified market yard, private market yard, sub yard etc. are excluded from 'Trade Area'.

Trade and Commerce Ordinance.

- Trader only requires PAN number to be eligible.
- Electronic Trading Platform may be set up by a body corporate or farmers collective for delivery based trade.
- No fee or cess for trade in 'Trade Area'
- Market intelligence and price dissemination platform may be set up by Central Government.

Trade and Commerce Ordinance.

- Payment to farmer maximum within 3 days of delivery.
- Procedure and norms for e-registration may be prescribed.
- Conciliation and dispute resolution mechanism provided for.
- No provision of imposing criminal liability.
- Provision for pecuniary penalties.
- Rule making power with the Central Government.

Farming Agreements Ordinance.

- Farming Produce
- Farming Agreements
- Model Agreements
- Farm Services
- Norms for quality and grade standards
- Price Predictability
- Protection to Farmers
- Exemption from Mandi Fees and EC Act.
- Conciliation & Dispute Resolution

Farming Agreements Ordinance.

- Legal framework for agreements between farmers and sponsors for purchase of farming produce and provision of farm services, entered into before the harvest.
- Types of agreements :
 - 1) Ownership of commodity remains with the farmer and he gets paid on delivery of produce
 - 2) Sponsor provides inputs and bears risks, the farmer gets payed for the services.
 - 3) Such other agreement or combination thereof.
- Guidelines for model farming agreements by Central Government.

Farming Agreements Ordinance.

- Price of farming produce may be fixed in advance as per the farming agreement.
- Where such price is subject to variation then a minimum guaranteed price has to be fixed.
- Any additional amount including bonus over and above the guaranteed price will be as per clear price reference.
- Price reference linked to suitable benchmark prices.
- Method of determining advance or guaranteed price shall form part of the agreement.

Farming Agreements Ordinance.

- Compliance with mutually agreed quality grade and standards of farming produce.
- Compatibility with agronomic practices and agro climate.
- Formulated by national/state agency or globally acceptable like:
 1. Standards for pesticide residue
 2. Good agricultural practices
 3. Labour and social development
- Third party assaying and quality monitoring as per mutually agreed terms.

Farming Agreements Ordinance.

- Provision of model agreements for guidance of farmers.
- Quality standards, pricing referencing and guaranteed prices to be explicitly mentioned in the agreement.
- Sponsor to ensure timely acceptance of delivery and payment of produce.
- Agreement cannot be in derogation of rights of sharecroppers.
- Sale, lease or mortgage of Farmer's land is prohibited.
- Sponsor not allowed to build any permanent structure, if built and not removed then ownership will vest with Farmer.
- Farmer's liability limited to advance received and cost of inputs provided by the Sponsor.
- Farmer's land protected against any recovery.

Farming Agreements Ordinance.

- Aggregators and farm service provider may join as third party.
- Multiple arrangements possible such as provision of inputs, and technology.
- Provision for linkage with insurance and credit.
- Aggregation of produce by a third party, and farmer producer organisations.
- Mandatory registration of agreements not required.
- E-Registry for facilitation may be set up by States.

Farming Agreements Ordinance.

- Mandatory conciliation amongst parties without involvement of any Government functionary
- Parties may approach Sub Divisional Authority only when conciliation fails.
- Summary process and time limits prescribed for resolution.
- Recovery of decretal amount as arrears of land revenue.
- Penalty against Sponsor for non payment may be extended to one and half times of amount due.

Thank you

