

## Union Agriculture Minister releases Model Agriculture Produce and Livestock Contract Farming and Services (Promotion & Facilitation) Act, 2018

With a view to integrate farmers with bulk purchasers including exporters, agro- industries etc. for better price realization through mitigation of market and price risks to the farmers and ensuring smooth agro raw material supply to the agro industries, Union Finance Minister in the budget for 2017-18 announced preparation of a “Model Contract Farming Act” and circulation of the same to the States for its adoption. Farmer’s producer organizations (FPO’s) have a major role in promoting Contract Farming and Services Contract. On behalf of famers they can enter into agreement with the sponsor.

The final Model Act “The State/UT Agricultural Produce and Livestock Contract Farming and Services (Promotion & Facilitation) Act 2018” has been approved by the Competent Authority and was released by Shri Radha Mohan Singh, Union Agriculture Minister.

### **Salient features of Model Contract Farming Act, 2018 are as follows:**

- The Act lays special emphasis on protecting the interests of the farmers, considering them as weaker of the two parties entering into a contract
- In addition to contract farming, services contracts all along the value chain including pre-production, production and post-production have been included
- “Registering and Agreement Recording Committee” or an “Officer” for the purpose at district/block/ taluka level for online registration of sponsor and recording of agreement provided
- Contracted produce is to be covered under crop / livestock insurance in operation
- Contract framing to be outside the ambit of APMC Act
- No permanent structure can be developed on farmers’ land/premises
- No right, title of interest of the land shall vest in the sponsor
- Promotion of Farmer Producer Organization (FPOs) / Farmer Producer Companies (FPCs) to mobilize small and marginal farmers has been provided

- FPO/FPC can be a contracting party if so authorized by the farmers
- No rights, title ownership or possession to be transferred or alienated or vested in the contract farming sponsor etc
- Ensuring buying of entire pre-agreed quantity of one or more of agricultural produce, livestock or its product of contract farming producer as per contract
- Contract Farming Facilitation Group (CFFG) for promoting contract farming and services at village / panchayat at level provided
- Accessible and simple dispute settlement mechanism at the lowest level possible provided for quick disposal of disputes
- It is a promotional and facilitative Act and not regulatory in its structure

Please contact for any query related to this mail to Ms. Areesha, Research Associate at [areesha@phdcci.in](mailto:areesha@phdcci.in) with a cc to Dr. S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms. Megha Kaul, Associate Economist, [megha@phdcci.in](mailto:megha@phdcci.in), PHD Chamber of Commerce & Industry.

Warm regards,

Dr. S P Sharma  
Chief Economist

-----  
PHD Chamber of Commerce and Industry  
PHD House, 4/2 Siri Institutional Area  
August Kranti Marg, New Delhi-110016  
Ph.: + 91-11-26863801-04, 49545454  
Fax: +91- 26855450, 49545451  
Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)  
Website: [www.phdcci.in](http://www.phdcci.in)

**"We Walk Our Talk"**

**PHD CHAMBER OF COMMERCE AND INDUSTRY**

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450 • E-mail : [research@phdcci.in](mailto:research@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAP001947

Connect with us:



