

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

***KRISHI UPAJ LAABHKARI NYOONTAM SAMARTHAN MOOLYA GUARANTEE
VIDHEYAK, 2018***

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MINIMUM SUPPORT PRICES FOR AGRICULTURAL COMMODITIES
BILL, 2018**

***KRISHI UPAJ LAABHKARI NYOONTAM SAMARTHAN MOOLYA GUARANTEE
VIDHEYAK 2018***

A Bill

To confer a right on all farmers, to obtain Guaranteed Remunerative Minimum Support Prices with minimum 50% profit margin over 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 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, 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 should continue to be so;

AND WHEREAS, the input costs are increasing beyond the meager means of farmers;

AND WHEREAS, the price realized by farmers for their agricultural commodities is not providing sufficient returns above 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 50% over and above the comprehensive cost of production;

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

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

AND WHEREAS, Social Security is listed at entry no. 23 of List 3 (Concurrent List), the subject of Price Control is listed at entry no. 34 in List 3 and any refund payable for difference between prices realized in the market on production of receipts should be paid from any bank under Negotiable Instruments Act, covered under Banking, entry No. 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;

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

**THE FARMERS' RIGHT TO GUARANTEED REMUNERATIVE
MINIMUM SUPPORT PRICE FOR AGRICULTURAL COMMODITIES,
2018**

A

BILL

To confer a right on all farmers, to obtain Guaranteed Remunerative Minimum Support Prices with minimum 50% profit margin over comprehensive cost of production, upon sale of agricultural commodities 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 :-

1.	<p>Chapter-I</p> <p>PRELIMINARY – DEFINITIONS & INTERPRETATIONS</p> <p>(1) This Act may be called the Farmers' Right to Guaranteed Remunerative Minimum Support Prices for Agricultural Commodities, 2018</p> <p>(2) It shall come into force within one month from the passing of the Bill, with the Central Government issuing a notification in the Official Gazette as soon as possible after the enactment;</p> <p>(3) It extends to the whole of India.</p>	Short title, extent, and commencement
2.	<p>In this Act, unless the context otherwise requires,-</p> <p>(a) "Agricultural commodity" means all cereals like wheat, paddy, maize, all millets like jowar, bajra, little millet, finger millet, foxtail millet; all pulses like black gram, green gram, pigeonpea, red gram, bengal gram; all oilseeds like groundnut, mustard, sunflower, safflower, soyabean; sugarcane, cotton, fruits and vegetables such as tomato, okra, brinjal, potato, onion, cauliflower, cabbage, as well as all such other agricultural produce which are used for human consumption,</p>	Definitions

	<p>grown by their local name in any part of India; and includes all spice crops like cardamom, nutmeg, vanilla, ginger; all tuber crops like tapioca, all medicinal plants, all varieties of milk, all minor forest produce, flowers, grass, fodder grass and tree produce or nursery produce, all plantation produce like banana, coconut, arecanut, coffee, cocoa, rubber, pepper, tea etc., all animal products like meat and mutton, all fishery produce like fish mussel, marine fish, freshwater aquatic produce, honey, poultry and eggs, silkworm cocoons, and all such other primary produce and agricultural commodity with all its cognate expressions;</p> <p>(b) “Agricultural Expert” includes a person by virtue of academic qualification or with proven work record and having at least 15 years practical or management experience in agriculture-related sectors;</p> <p>(c) “Commission” means the Central Farmers’ Agricultural Costs and Remunerative Price Guarantee Commission constituted under Section 8;</p> <p>(d) “Cost of Production” is the comprehensive cost as estimated under Section 4 based on Schedule 1;</p> <p>(e) “Farmer” includes 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 shall include 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 doing cultivation on collectively owned or leased-in land are also included, including women farmers.</p> <p>(f) “Fund” means the State Compensation Fund to be maintained and administered by the State Commission;</p> <p>(g) “Guaranteed Remunerative Minimum Support Prices” is the price that ensures a minimum 50% profit margin over and above the comprehensive cost of production of a given</p>	
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	<p>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 50% profit margin over and above such cost of production; and in the case of standing (plantation) crops, as specifically determined by the Commission, guided by Schedule 1 of the Act;</p> <p>(h) “Government” means the Central Government or State Government as the case may be;</p> <p>(i) “Market” means regulated markets, systems of procurement of agricultural commodities run by state procurement agencies, consumer/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;</p> <p>(j) “Member” means a member of the Commission (Central or State) and includes the Chairperson;</p> <p>(k) “Prescribed” means prescribed by rules under this Act;</p> <p>(l) “State Commission” means the Commissions set up at the state level as per Section 13 of this Act;</p> <p>(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 farmers directly.</p>	
3.	<p style="text-align: center;">CHAPTER- II</p> <p style="text-align: center;">GUARANTEED REMUNERATIVE MINIMUM SUPPORT PRICE FOR ALL AGRICULTURAL COMMODITIES</p> <p>Every farmer, throughout India, shall be entitled to a "Guaranteed Remunerative Minimum Support Prices" as a right, against sale of any</p>	<p>Right of every farmer to Guaranteed Remunerative Minimum</p>

	agricultural commodities;	Support Prices for all Agricultural commodities.
4.	<p>(1) The Government, through the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission, shall institute robust, comprehensive and accurate systems for estimation of Comprehensive Cost of Production, as defined in Schedule 1, for all agricultural commodities; Provided that</p> <p>(2) The Cost estimation 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 1;</p> <p>(3) Such calculations should also take into account the period of each crop into consideration;</p> <p>(4) 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;</p> <p>(5) The yield data should be the actual average yield for the past five years, in a rolling manner; and</p> <p>(6) The estimation (data, methodology, sampling, statistical analyses etc.) shall be periodically reviewed and corrections made and implemented;</p>	Comprehensive Estimation of Cost of Production of all agricultural commodities
5.	<p>(1) The Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission shall recommend the prices to the Government by ensuring a profit margin of at least 50% over the comprehensive cost of production it estimated for each agricultural commodity based on Schedule 1,</p> <p>(2) Additional incentives for particular commodities may be further considered for GRMSP recommendation over and above sub-section (1) above, as per social and environmental policy imperatives;</p> <p>(3) Such a recommendation shall be the basis for the Union Government to notify the GRMSP;</p> <p><u>Explanation :-</u></p> <p><i>For estimating the comprehensive Cost of Production and the Guaranteed Remunerative Minimum Support Prices, the Commission shall take into account all the factors as specified by Schedule 1 of</i></p>	Determination of Guaranteed Remunerative Minimum Support Price

	<i>this Act.</i>	
6.	<p>(1) As soon as may be, but within a month after the receipt of recommendation of the Central Commission, Central Government shall notify the Guaranteed Remunerative Minimum Support Prices of all agricultural commodities as per the recommendations of the Commission;</p> <p>(2) Further specified that the Guaranteed Remunerative Minimum Support Prices shall be notified by the Government on or before February 28th of every year for the ensuing Kharif production season and on or before July 31st of every year for the ensuing Rabi production season;</p>	Notification of Guaranteed Remunerative Minimum Support Prices
7	Nothing shall preclude the State Government from notifying a Bonus in addition to the Guaranteed Remunerative Minimum Support Prices notified by the Central Government, as contained in Section 15 (1) (b), within 15 days after receiving a recommendation from State Commission, as per the recommendations; further provided that the additional cost of the bonus shall be borne by the State Government.	Power of State Government to notify bonus
8.	<p style="text-align: center;">CHAPTER – III</p> <p style="text-align: center;">CENTRAL FARMERS’ AGRICULTURAL COSTS AND REMUNERATIVE PRICE GUARANTEE COMMISSION</p> <p>(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 (herein after referred to as Central Commission) for the purpose of exercising the powers and performing the functions under this Act, and for recommending and implementing the Guaranteed Remunerative Minimum Support Prices for all agricultural commodities;</p> <p>(2) The Central Commission shall consist of,-</p> <p>(a) Chairperson (full time), who shall be a farmer and well qualified and experienced in agricultural economics and conversant with various agricultural faculties;</p>	Constitution of the Central Farmers’ Agricultural Costs and Remunerative Price Guarantee Commission.

	<p>(b) Members as follows :-</p> <p>(i) 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 India.</p> <p style="text-align: right;">- Non-official Members</p> <p>(ii) Three agricultural experts - having requisite academic qualification in Agricultural Economics or any faculty incidental thereto, and with at least 15 years of experience in the field of expertise.</p> <p style="text-align: right;">- Non-official Members</p> <p>(iii) An official not less than the rank of Joint Secretary, from the Department of Agriculture, Co-operation & Farmers Welfare, Ministry of Agriculture and Farmer's Welfare.</p> <p style="text-align: right;">- Member</p> <p>(iv) An official of Ministry of Agriculture, Co-operation and farmers' welfare of rank not less than that of Deputy Secretary (Full time)</p> <p style="text-align: right;">- Member Secretary</p> <p>(c) One of the Members shall be designated as Vice Chairperson so that proceedings are not affected in the absence of the Chairperson for any reason.</p> <p>(3) The Chairperson and Members 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, ii) the Leader of Opposition in Lok Sabha or the leader of the single largest group or party in opposition in Lok Sabha, iii) the Union Cabinet Minister for Agriculture.</p> <p>(4) Such nominations shall take into consideration equitable regional representation from across the country, sectoral representation (cultivation, plantation, livestock, fisheries, agricultural labour, forest-produce-gathering) and gender, and social background</p>	
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	<p>(SC, ST etc.) especially for sub-section (2) (b) (i) and (ii) above, and on a rotational basis for representation of different states every time the Commission is re-constituted or vacancies filled.</p> <p>(5) Central Government shall ensure that no Member including Chairperson represents any conflict of interest pertaining to the discharge of their functions.</p> <p>(6) The Chairperson and the Members of the Central Commission shall not be a sitting Member of Parliament or Member of State Legislature of any State or Union Territory, as the case may be, or hold any other office of profit;</p> <p>(7) The Government shall appoint as many staff members as may be necessary, to assist the Central Commission in such manner as may be prescribed.</p> <p>(8) In the discharge of their duties, the Member Secretary and other staff referred to in sub-section (7) above shall be subject to the administrative control of the Central Commission, represented by Chairperson.</p>	
9.	<p>(1) The term of the Central Commission each time it is constituted shall be 5 years :</p> <p>(2) Re-constitution of the Central Commission should take place and notified a clear 10 months before the expiry of the tenure of an existing Commission for smooth transition and for perpetual succession of the Central Commission, with any of the Members possibly re-nominated into the Central Commission;</p> <p>(3) The Chairperson and the Non-official Members specified in Section 8 shall not be removed from her/his office except after due enquiry made by the sitting judge of the High Court (Delhi) and recommended as such to the President.</p> <p>(4) A member may, by writing under his/her hand and addressed to the Government, resign his/her office at any time.</p> <p>(5) A vacancy arising by reason of resigning of any member of the Central Commission under sub-section (4) above or otherwise shall be filled up in accordance with the provisions contained in Section 8 of this Act within 6 months' time: Provided that the person so appointed shall hold office only for the remaining period</p>	Term of the Central Commission and conditions of service of the members.

	<p>of term of the person, in whose place s/he is appointed.</p> <p>(6) Government may remove any member, if s/he,-</p> <ul style="list-style-type: none"> (a) is declared as undischarged insolvent/debtor: (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; (d) has been convicted for an offence, which in the opinion of the Government involves moral turpitude or financial irregularities; (e) 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; <p>Provided that in the case of Chairperson and Non-official members, due enquiry and recommendation made as specified in sub-section (3) above.</p> <p>(4) The Central Commission shall regulate its own procedure for the conduct of its business with principles of participation, transparency and equity incorporated, and shall also have periodic consultations organized with representatives of State Commissions, state governments, and farmer organisations across the country;</p> <p>(5) The salary and allowances, and the other conditions of service of the Chairperson and Members shall be, as may be prescribed.</p>	
10.	<p>(1) The Central Commission shall have all such powers as are necessary for achieving the objects of this Act, and in particular;</p> <ul style="list-style-type: none"> a. To recommend Guaranteed Remunerative Minimum Support Prices for all agricultural commodities, which provide a profit margin of at least 50% over and above the comprehensive cost of production; <ul style="list-style-type: none"> i. provided that such recommendations can have additional incentives for fulfilling social or environmental policy imperatives; ii. further provided that the Central Commission can 	Powers and functions of the Central Commission.

	<p>additionally take into consideration the recommendations from the State Commissions while finalizing its recommendation to Government;</p> <p>iii. further provided that the Government shall not notify GRMSP below the recommendations of the Central Commission.</p> <p>b. To recommend all other such measures that will 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;</p> <p>c. 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;</p> <p>d. It shall be mandatory for the government to consult the Central Commission on all international trade agreements which affect agriculture directly or indirectly, and report back to the Central Commission on why its inputs were considered or not considered;</p> <p>e. to recommend to the Government regulation of cost of agricultural inputs including seeds, fertilisers, pesticides, electricity, diesel, farm equipment etc.</p> <p>(2) The Central Commission shall submit the recommendations for "Guaranteed Remunerative Minimum Support Prices" of all Agricultural Commodities for each year before 15th February for the upcoming Kharif season of that year and before 15th July for the upcoming Rabi Season of that year.</p>	
11.	<p>(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 meetings/sittings and any other material on its website;</p> <p>(2) The Central Commission shall prepare a report of its functioning of that year under this Act and the same shall be submitted to the</p>	Transparent functioning, and Annual Report to be laid before the Parliament.

	<p>Central Government in such form on or before such date as may be prescribed;</p> <p>(3) The Annual Report submitted to the Central Government under sub-section (2) above shall be laid before the Parliament as soon as may be, after the same is received by the Central Government.</p>	
12.	<p>(1) The Central Commission shall maintain proper accounts and other relevant records and prepare annual statements of accounts, in such form as may be prescribed;</p> <p>(2) The accounts of the Central Commission shall be audited annually and the audited report shall be placed before the Parliament, along with the Annual Report by the Central Government.</p>	Accounts and Audit
13.	<p style="text-align: center;"><u>CHAPTER IV :</u></p> <p style="text-align: center;"><u>STATE FARMERS' AGRICULTURAL COSTS AND REMUNERATIVE PRICE GUARANTEE COMMISSION</u></p> <p>(1) The State Government shall, within 6 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 given State;</p> <p>(2) The State Commission shall consist of</p> <p>(a) Chairperson (fulltime), who shall be a farmer and well qualified and experienced in agricultural economics and conversant with various agricultural faculties;</p> <p>(b) Such Members as follows,-</p> <p>(i) Five Representatives of farmers, including representatives of farmers organisations and persons, including women, with proven record of having worked on farmers' issues representing different regions of the State.</p> <p style="text-align: right;">- Non-Official Members</p>	Constitution of State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission

	<p>(ii) One agriculture expert or research scientist having track record in Agriculture field, Agro-economics, and highly qualified in Agri-science faculties, with at least 15 years of experience in the field of expertise.</p> <p style="text-align: right;">–Non-Official Member</p> <p>(iii) Four officials from the Department of Agriculture/ Horticulture/ Animal Husbandry/ Fisheries recommended by Director of Agriculture/ Horticulture/ Animal Husbandry/ Fisheries or equivalent.</p> <p style="text-align: right;">- Official Member</p> <p>(iv) One Official Member of Department of Agricultural Marketing (or the equivalent department as exists in the given State).</p> <p style="text-align: right;">- Member Secretary</p> <p>(c) One of the Members shall be designated as Vice Chairperson so that proceedings are not affected in the absence of the Chairperson for any reason.</p> <p>(3) The Chairperson and Members shall be nominated based on the recommendation of a Selection Committee consisting of the i) Chief Minister of the State who shall be the Chairperson, ii) Leader of Opposition in the State Assembly or the leader of the single largest group or party in opposition in the state Assembly, iii) the Minister for Agriculture of the given State</p> <p>(4) Such nomination shall take into consideration equitable regional representation from across the State, sectoral representation and gender, and social background (SC, ST etc.) for sub-section (2) above, and on a rotational basis for representation of different regions within a state every time the State Commission is re-constituted or vacancies filled.</p> <p>(5) State Government shall ensure that no Member including Chairperson represents any conflict of interest pertaining to the discharge of their functions.</p> <p>(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.</p> <p>(7) In discharge of their duties, the Secretary and other staff</p>	
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	referred to in sub-section (6) shall be subject to the administrative control of the Chairperson under (2) (a) above.	
14	<p>(1) The term of the State Commission shall be 5 years for each constitution of the Commission, with re-constitution to be set into place by the state government at least 10 months before the end of the tenure of an ongoing State Commission: Provided that, the State Government may extend the term of an existing Commission, if deemed necessary;</p> <p>(2) The Chairperson and the Non-official members specified in Section 13 shall not be removed from her/his office except after due enquiry made by the sitting judge of the state High Court and recommended as such to the State Government;</p> <p>(3) A member may, by writing under his/her hand and addressed to the Government, resign his/her office at any time.</p> <p>(4) A 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 13 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.</p> <p>(5) State Government may remove any member, if s/he-</p> <ul style="list-style-type: none"> (a) is declared as un-discharged insolvent/debtor; (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; (d) has been convicted for an offence, which in the opinion of the State Government involves moral turpitude or financial irregularities; (e) 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; <p>Provided that in the case of Chairperson and Non-official members, due enquiry and recommendation made as specified in subsection (2) above.</p>	Term of the State Commission and conditions of service of the Members.

	<p>(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.</p> <p>(7) The salary and allowances, and the other conditions of service of the State Commission Chairperson and members shall be, as may be prescribed.</p> <p>(8) The headquarters of the State Commission shall be at the capital of the State Government.</p> <p>(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.</p>	
15.	<p>(1) The State Commission shall have all such powers as are necessary for achieving the objects of this Act, and in particular, -</p> <p>(a) To recommend to the Central Commission the Guaranteed Remunerative Minimum Support Prices of all Agriculture Commodities from the State for each year, having regard to the factors mentioned in Schedule 1, ensuring that such recommendation is made before 31st January for the upcoming Kharif season and before 30th June for the upcoming Rabi season;</p> <p>(b) To recommend to the State Government higher prices that shall be fixed as the state level Guaranteed Remunerative Minimum Support Prices (SGRMSP), that will be applicable only within that state, over and above the GRMSP notified by the Central Government. Such a recommendation shall take into account a minimum 50% 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; in doing this, the State Commission shall ensure that it recommends GRMSPs for those commodities which might have been left out by the Central Commission for any reason;</p>	Powers and functions of the State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission

	<p>(c) To 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;</p> <p>(d) To 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 of this Act;</p> <p>(e) to send recommendations to the Central Commission on related matters from the state;</p> <p>(f) to maintain a Fund for paying compensation to farmers, as ordered by the Block Level Committee, for non-receipt of GRMSP or delayed payment for sale as specified in Section 27;</p> <p>(g) to inquire into appeal applications from traders as specified in Section 28, with regard to losses incurred by them if any, and execute payment of compensation to them, where found eligible, as per procedures prescribed.</p> <p>(h) to recommend to the state government regulation of cost of all agricultural inputs including seeds, fertilisers, pesticides, electricity, diesel, farm equipment etc.</p> <p>(2) The State Commission shall publish all relevant information including its cost estimations, basis for Bonus recommendations, market price trends and ensuing action/recommendations, inquiry reports as per sub-section (1) above, minutes of its meetings/sittings and any other material on its website;</p> <p>(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; Further provided that the Annual Report submitted to the State Government by the State Commission shall be laid before the State Legislative Assembly as soon as may be, after the same is received by the State Government.</p> <p>(4) The State Commission shall maintain proper accounts and other relevant records and prepare annual statement of accounts in such</p>	
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	<p>form as may be prescribed;</p> <p>(a) The accounts of the State Commission shall be audited annually and the audited report shall be placed before the state legislative assembly, along with the Annual Report.</p>	
16.	<p>(1) The State Commission shall create and maintain a State Compensation Fund, which will receive allocations from the Central Government as well as receive funds collected as penalties for offences under the Act;</p> <p>(2) Provided further that such a Fund shall be utilized for compensation payments to farmers, and traders as required, as specified under Sections 27 and 28;</p>	State Compensation Fund
17.	<p style="text-align: center;">Chapter V :</p> <p style="text-align: center;">IMPLEMENTATION OF GUARANTEED REMUNERATIVE MINIMUM SUPPORT PRICES</p> <p>(1) In all agricultural markets of different forms, including APMC markets throughout the country, the auction or offer price for every agricultural commodity will begin with the Guaranteed Remunerative Minimum Support Prices as the floor price and no auction shall be allowed below the said price;</p> <p>(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 Prices.</p> <p>Any such agreement is illegal and is liable for penalties mentioned in Section 26, including cancellation of license by the concerned authorities on complaint by the aggrieved farmers or upon <i>suo-motu</i> monitoring, public interest groups and surveillance by designated public authorities.</p> <p>(3) (a) No trader, including a trader in any contract farming arrangement, shall purchase any commodity below the Guaranteed</p>	Bar on auction or offer of price below Guaranteed Remunerative Minimum Support Prices

	<p>Remunerative Minimum Support Prices. Any trader resorting to purchase below Guaranteed Remunerative Minimum Support Prices shall be liable for penalties mentioned in Section 26 and her/his/its/their contract shall be cancelled by the State Government's designated authority, upon due inquiry into any complaint by the aggrieved farmers.</p> <p>(b) No trader shall abstain from purchases 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. Any trader resorting to such practice to prevent implementation of the Guaranteed Remunerative Minimum Support Prices, shall be liable for penalties mentioned in Section 26, including cancellation of their license by the State Government; provided further that any trader can take resort to the grievance redressal mechanism as per Section 28;</p>	
18.	<p>(1) The Government shall open adequate number of procurement centers for all commodities, either directly, or through designated procurement agencies or through traders' bodies, self help groups or Farmer Producer Organisations, in a localized manner as much as possible, for procuring sufficient quantities for food schemes and commodity corporations at or above Guaranteed Remunerative Minimum Support Prices;</p> <p>(2) provided that adequate arrangements should be made at least 4 weeks before the beginning of the harvest of the particular crop including storage facilities and transportation (viz., weighing scales, gunny bags, testing and other required equipment etc.) for such procurement operations;</p> <p>(3) further provided that instant, same-date payment is to be made directly to the farmer by the procurement agency;</p> <p>(4) Sufficient publicity shall be done of the procurement centre operations within the jurisdiction of such a centre;</p>	Obligation on the government to open Procurement Centres
19.	<p>The Central Government shall provide for 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 commodities, including potatoes, onions, tomatoes, plantation commodities etc. and shall provide sufficient financial</p>	Timely and effective market intervention by State Government

	outlays to ensure purchases at Guaranteed Remunerative Minimum Support Prices and instant payments to the farmers;	
20.	The Central Government shall put into place measures to prevent import of subsidized agricultural commodities from elsewhere, and by enhancing import duties and other measures, shall ensure that the landing price of agricultural commodities from other countries is at least equal to Guaranteed Remunerative Minimum Support Prices at any given point of time;	Measures to regulate imports of agricultural commodities
21.	It is mandatory for the State Government to implement effective schemes 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, and schemes like negotiable warehouse receipts which enable the farmers to access finance of at least 75% of the value of the stored crop valued at Guaranteed Remunerative Minimum Support Prices or market value whichever is higher; adequate storage facilities and agro-processing facilities to be made available to traders too, especially for perishable products to guard against withdrawal of buyers from the market.	Other measures to prevent distress sales
22.	(1) The Government shall create a fund to make investments in organizing farmers into Farmers/Workers' Producing Cooperatives, and other Farmer Producer Organisations, with sufficient infrastructure and financial capital to run their market enterprises including processed, value-added produce, in a tax-free atmosphere; (2) Additional incentives shall be provided to women farmers' FPOs.	Investments on Farmer Producer Organisations
23.	The Government (Centre, or state as the case may be) shall take all measures to reduce the cost of production by reducing the input costs through subsidies on inputs, like seed, fertilizer, pesticide, electricity, diesel, farm equipment etc., and by promoting low-cost sustainable methods of agriculture.	Measures to reduce and regulate input costs
24.	The Government (Central and States, as the case may be) shall designate and notify specific public authorities at all levels, beginning from the block level, who shall be the persons responsible for each Section in this Chapter V, including monitoring the prices paid by traders, taking punitive action against them for contravening clauses in the Act, opening procurement centres on time, taking up Market	Designating and Notifying the responsible public authorities

	Intervention on time, paying compensation in time etc..	
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;	Identification of real cultivators and ensuring that they benefit.
26.	<p style="text-align: center;">Chapter VI : OFFENCES AND PENALTIES</p> <p>(1) Any trader, including one in a contract farming arrangement, who is found to be contravening the clauses under Section 17 of this Act, by purchasing below the GRMSP or undermining the GRMSP, shall be considered to have committed a cognizable offence with the applicable penalties as follows:</p> <ol style="list-style-type: none"> a. For first-time offence by a trader, a penalty equal to twice the total deficit suffered by the farmers on account of the violation by the trader and three months of imprisonment; b. A second-time offence by a trader shall attract a penalty equal to twice the total deficit suffered by farmers on account of the violation by the trader, and six months of imprisonment; c. A third time offence shall attract a penalty equal to three times the total deficit suffered by the farmers on account of the violation by the trader, and twelve months of imprisonment as well as barring from any future trading, for all non-governmental traders; <p>(2) The public servants and authorities as specified in Section 24, found guilty by the State Commission as per Section 15, for not discharging duties viz., for lack of effective monitoring, for failure to promptly initiate action against traders purchasing below Guaranteed Remunerative Minimum Support Prices, for lack of effective market intervention and also for failure to provide Compensation, without reasonable cause or found to be willfully neglecting their duty, shall be</p>	Offences and Penalties under this Act.

	liable to a penalty whose amount equals at least one month's salary, which shall be deducted from his/her salary in addition to six months imprisonment.	
27.	<p style="text-align: center;">Chapter VII : GRIEVANCE REDRESSAL AND COMPENSATION</p> <p>(1) Any farmer who is not paid by the trader the Guaranteed Remunerative Minimum Support Prices for her/his sale of agricultural commodities is entitled to a Compensation, which is at least the difference between the GRMSP and price obtained by the farmer;</p> <p>(2) Any farmer who does not get instant direct payment that fully covers the total value of the commodity sold at GRMSP to any buyer including government procurement agencies, shall be entitled to a delay compensation that is fixed at 15% on the total payment due from the buyer, for every month of delay;</p> <p>(3) A 3-Member Block level Grievance Redressal Committee shall be set up at Block level, under the administrative control of the State Commission, to receive and resolve individual complaints from farmers for sub-sections (1) and (2) above, with procedures related to its sittings and functioning to be followed as prescribed;</p> <p>a. Such a Committee shall consist of a Block level representative each of the agriculture and marketing departments, in addition to a Farmers' Representative.</p> <p>b. Such a Committee shall follow a simple verification procedure, as prescribed;</p> <p>c. Provided that such a Committee shall resolve each complaint within one month of receiving the complaint;</p> <p>d. Further provided that such a Committee shall issue Orders for compensation to be paid by the State Commission from a State Compensation Fund held by it;</p>	<p>Entitlement of Farmer to Compensation for not obtaining GRMSP</p> <p>Entitlement to punitive compensation for delay in payment</p> <p>Block level Grievance Redressal Committee and Order for Compensation to be paid to farmer through DBT.</p>
28.	The State Commission shall receive applications of appeal for grievance redressal from traders who have incurred losses, if any, by meeting the GRMSP condition, as per procedure to be prescribed and resolve the same, including by way of ordering a compensation payment, where eligible, from the Fund held by it.	Appeal by Trader to State Commission for Grievance redressal and Compensation Payment

	<p style="text-align: center;">Chapter VIII: OBLIGATIONS ON THE CENTRAL AND STATE GOVERNMENTS</p> <p>29. (1) The Central Government shall 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 this point of time;</p> <p>(2) The Central Government shall provide adequate financial outlays for the effective functioning of the Central Commission including for commissioned primary research and other such work of the Commission, as well as for office, infrastructure and day to day functioning;</p> <p>(3) (a) The Central Government shall reserve adequate financial outlays to be transferred to designated procurement agencies in time for procurement and market intervention operations.</p> <p>(b) The adequacy and utilization of such financial outlays can be reviewed by the Central Commission on an annual basis, based on which it can recommend (lower or higher or similar) outlays for the subsequent budget;</p> <p>(c) Such finances are also to be utilised for payment of compensation to farmers and any compensation to traders through the State Commissions and their State Compensation Fund;</p> <p>(4) State Governments shall reserve and provide adequate outlays, for the State Farmers' Agricultural Costs and Remunerative Price Guarantee Commission to function effectively and also to meet the obligations of fixing any State level GRMSP (SGRMSP) with Bonus over and above the central government's notification of Guaranteed Remunerative Minimum Support Prices (GRMSP), and to meet other obligations as specified in Chapter V.</p>	<p>Obligation of the Central Government to reserve, provide and spend adequate funds</p> <p>Obligation of State Governments to reserve, provide and spend adequate funds</p>
<p>30.</p>	<p style="text-align: center;">Chapter IX : MISCELLANEOUS</p> <p>The Provisions of this Act or any rule or order made thereunder shall</p>	<p>Overriding effect of Act.</p>

	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.	
31.	Every member of the Commission and the Secretary and other staff appointed under Section 8 (7) and 13 (6), 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.
32.	(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 purposes of removing the difficulty; (2) Every order made under this section shall be laid before the Parliament.	Power to remove difficulties.
33.	(1) The Government shall, by notification in the Official Gazette, make rules for the purpose of carrying into 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.

SCHEDULE 1:

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. Processing, Transport and Marketing costs (like cleaning, grading, drying, packaging, marketing, transportation, time spent for all these post-harvest activities, mandi taxes) etc.
 - viii. 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 10% over Cost of Cultivation per hectare;
 - vi. Managerial cost, at 10% 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 GRMSPs 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 1ha, 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 75% 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. GRMSP Bonus shall be based on ensuring that at least 50% 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

1. More than 55% of India's population is principally dependent on agriculture for their livelihood, and the past two decades, since 1995, have recorded more than 300,000 farmers' suicides. Indian government data shows 12,602 Farmers killed themselves in 2015 alone, mostly owing to economic distress. Indebtedness was responsible for 38.7 percent of suicides, while crop failures or the inability to sell produce lead to another 19.5% of suicides. More than 43% of farmers who killed themselves in 2015 had small holdings.

2. 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 beyond 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.

3. 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 – Food Security Act 2013 and 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.

4. 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 should be autonomous body corporates, which should, once appointed, not be under the control of the Central or State Government and their determination of the comprehensive cost of production of the agriculture produce plus at least 50% profit margin as a Guaranteed Remunerative Minimum Support Prices of each and every agricultural commodity shall be final.

5. To confer such a right to Guaranteed Remunerative Minimum Support Prices for sale of all agricultural commodities of all farmers, it is found expedient to regulate the prices offered by traders, and to lay down rules for public authorities for accountable functioning.

6. 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.

7. 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, which is proposed herein.

8. It is felt that the right to Guaranteed Remunerative Minimum Support Prices which includes at least 50% profit margin over the comprehensive cost of production will boost the morale of the farmer, who would be able to live comfortably, invest in her/his agricultural enterprise thereby potentially increasing productivity and production to ensure national food security and sovereignty, and would be able to avoid falling into a debt trap.

Hence this Bill.

New Delhi

Date :

Raju Shetty

Signature

FINANCIAL MEMORANDUM

Section 4 of the Bill *inter alia* 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.

Section 8 and 9 provides for sufficient funds by the Central Government for constitution and functioning of the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission and ensuing expenditure.

Section 18 provides for sufficient funds by the Central Government to open adequate number of procurement centres for all commodities.

Section 19 provides for sufficient funds by the Central Government for timely and effective market intervention by State Governments.

Section 22 provides for sufficient funds by the Central Government to invest on Farmer Producer Organisations and provide them with a tax-free atmosphere.

Section 29 provides for adequate financial outlays by the Central Government for procurement, market intervention, and compensation to farmers and traders.

The Bill, if enacted will involve expenditure from the Consolidated Fund of India. However it is not possible at this stage as to the exact amount which is likely to be incurred towards recurring and non-recurring expenditure for the purpose.

MEMORANDUM REGARDING DELEGATED LEGISLATION

- Section 4 empowers the Central Government to put into place robust cost estimation systems for all agricultural commodities through the Central Commission.
- Section 8 empowers the Central Government to constitute the Central Farmers' Agricultural Costs and Remunerative Price Guarantee Commission, with the support of a Selection Committee, with powers to remove Members given to Central Government under Section 9 (6) through a specified procedure.
- Section 13 empowers the State Governments to constitute State Farmers' Agricultural Costs and Remunerative Price Guarantee Commissions, with powers to remove Members given to the State Governments under Section 14 (5) through a specified procedure.
- Section 17 empowers the Central Government to put in place a bar on any auction or offer of price below Guaranteed Remunerative Minimum Support Prices and related mechanisms.
- Section 20 empowers the Central Government to put into place measures to ensure that landing price of agricultural imports are not below Guaranteed Remunerative Minimum Support Prices.
- Section 23 empowers the Central and State Governments to take measures to reduce and regulate input costs.
- Section 24 empowers Central and State Governments to designate and notify responsible public authorities at all levels for various duties under this Act.
- Sub-section (1) of Section 32 empowers the Central Government to make orders for the purpose of removing difficulties.
- Sub-section (1) of Section 33 is on matters in respect of which rules may be made or notification to be issued, which are essentially matters of detail or procedure. The delegation of legislative power is, therefore, of a normal character.