Model Contract Farming 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, a “Model Contract Farming Act” has been prepared by the Ministry of Agriculture & Farmers Welfare for circulation 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 farmers they can enter into agreement with the sponsor.

**Title of the Act**

The final Model Act is titled "The State/UT Agricultural Produce and Livestock Contract Farming and Services (Promotion & Facilitation) Act 2018".

**Salient features of Model Contract Farming Act, 2018**

- 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 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.