



# The Indian Journal for Research in Law and Management

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## LEGAL ASPECTS OF THE INDIAN AGRICULTURE SECTOR

- *Jenia Begam*

### Introduction

India's economy and culture are fundamentally based on agriculture, which employs about half of the country's workforce and makes a large GDP contribution. The legal structure that governs this industry is complicated, shaped by previous modifications, present legislation, and continuous discussion. This blog examines the major legal issues impacting Indian agriculture, the difficulties encountered, and the prospects for Indian farming. The legal framework is shaped by a mix of historical reforms, modern regulations, and ongoing debates. Farmers, politicians, and everyone else interested in the sustainability and development of the Indian agricultural industry must understand the legal framework of the business. Important laws are being dismantled, and new changes are transforming the agricultural sector in India.

### Historical Roots of Agriculture Law

India's agriculture laws required reforms after developing liberty, aiming at fixing discrimination and providing an equitable start for millions of farmers. An equitable agricultural sector was achieved by the implementation of important laws like the Zamindari Abolition Acts 1956 and the Land Ceiling Acts 1961, which ended monopolies on land and abusive landlord policies.

### Key Legislation and policies

#### Essentials Commodities Act , 1955 <sup>1</sup>

The production, distribution, and supply of goods referred to as "essentials" were enforced in 1955 when the Essential Commodities Act went into operation. The government provides these goods for purchase at reasonable costs in this way. The Indian Agricultural Acts 2020 (also known as Farm Bills), the act was modified through the Essential Commodities (Amendment) Act, 2020.

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<sup>1</sup> Essential Commodities Act 1955, §2, No. 2, Act of Parliament, 2020 (India)

[https://www.indiacode.nic.in/bitstream/123456789/7053/1/essential\\_commodities\\_act\\_1955.pdf](https://www.indiacode.nic.in/bitstream/123456789/7053/1/essential_commodities_act_1955.pdf)

### **Food Regulation and Stock Limit ( Essential Commodities Act of 1955 ) :**

1. Designates some goods as necessities, enabling control or outright ban by the federal government.
2. Controls the availability of certain food commodities under extreme situations such as hunger, war, sharp price increases, and severe natural disasters.
3. The stock limit on agricultural goods should be determined by price increases, with horticulture produce subject to a 100% increase and non-perishable agricultural food items subject to a 50% increase.
4. An increase based on the average retail price over the previous five years or the price that was in effect the 12 months prior.

### **The Agricultural Produce Market Committee ( APMC) <sup>2</sup>**

The state-run Agricultural Produce Market Committee (APMC) oversees the management of livestock and agricultural products in the market location. Its goal is to stop middlemen and creditors from taking advantage of distressed deals. The APMC controls agricultural trade activities and guarantees fair pricing and prompt payments for farmers' produce. Reducing market fees and enhancing producer-seller interest are the outcomes of doing away with pointless middlemen, enhancing market efficiency, and safeguarding producer-seller interests.

### **Modern Reforms**

### **The Farmers Produce Trade and Commerce ( Promotion and facilitation) Act , 2020 <sup>3</sup>**

The Farmers' Produce Trade and Commerce ( Promotion and Facilitation ), of 2020, permits farmers to trade their produce outside of APMC markets while prohibiting state governments from imposing market fees or ceasing outside of APMC areas. The Farmers Agreement Ordinance provides a framework for contract farming that includes conciliation boards, sub-divisional magistrates, and appellate authorities as dispute resolution processes. The Essential Commodities (Amendment) Ordinance, 2020 allows the national government to control food supply in the event of a famine or conflict and sets stock limitations on agricultural products if prices increase.

#### **Features :**

#### **Farmer-Produce Trade Regulation**

- Permits farmers' goods to be traded both inside and between states outside of market yards and other physical locations.
- Permits trading in "outside trade areas," such as manufacturing buildings, warehouses, silos, cold storage, and farm gates.

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<sup>2</sup>APMC, [https://en.wikipedia.org/wiki/Agricultural\\_produce\\_market\\_committee](https://en.wikipedia.org/wiki/Agricultural_produce_market_committee) , ( June 1, 2024 )

<sup>3</sup> FPTC Act, 2020, §1, No. 1, Act of Parliament, 2020 (India)

[https://prsindia.org/files/bills\\_acts/bills\\_parliament/2020/Farmers%20Produce%20Trade%20and%20Commerce%20\(Promotion%20and%20Facilitation\)%20Act,%202020.pdf](https://prsindia.org/files/bills_acts/bills_parliament/2020/Farmers%20Produce%20Trade%20and%20Commerce%20(Promotion%20and%20Facilitation)%20Act,%202020.pdf)

## **Electronic Trading**

- Approves the electronic trading of farmers' produce on a planned basis within a designated trade area.
- Permits the creation of electronic trading and transaction platforms for online and direct purchases and sales. Companies, partnership businesses, registered societies, farmer-producer organizations, or agricultural cooperative societies are examples of entities that can create and run these kinds of platforms.

## **Market Fee Dissolution**

- This prevents state governments from charging farmers, dealers, and online marketplaces market fees, cessations, or other levies.

## **The Farmers ( Empowerment and protection) Agreement on Price Assurance and Farm Services Act 2000 <sup>4</sup>**

### **■ Farming Agreement**

- A farming agreement between the buyer and the farmer is necessary before producing or raising agricultural products.
- The maximum duration is five years, with a minimum of one crop season or one cycle of livestock production.
- The agreement must include the price of the farmed produce, with a fixed price and a clear mention of any additional amounts.
- There must be a conciliation board and a dispute resolution procedure.

### **■ Dispute Settlement**

- Disputes must be brought before the board for settlement before moving on to an appellate authority or the sub-divisional magistrate.
- A disagreement must be settled by both parties in thirty days. Parties that violate the agreement may face penalties.
- Agricultural land cannot be the target of legal action to recoup debt.

## **Challenges <sup>5</sup>**

### **• Small and unorganized land holdings**

Indian agriculture faces a major threat from unorganized sown areas distributed into small, distributed parts of land, particularly in densely populated areas like Kerala, West Bengal, Uttar Pradesh, and Bihar. This is because inheritance rules result in poor productivity and labor-intensive

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<sup>4</sup> PRS Legislative Research, <https://prsindia.org/billtrack/the-farmers-empowerment-and-protection-agreement-on-price-assurance-and-farm-services-ordinance-2020> ,(June 2, 2024)

<sup>5</sup> Shahid Jibram and Azra Mufti, Issues and challenges in Indian Agriculture, 12 IJCBM 85,86-87 (2019) [https://www.researchgate.net/publication/338428663\\_Issues\\_and\\_challenges\\_in\\_Indian\\_agriculture](https://www.researchgate.net/publication/338428663_Issues_and_challenges_in_Indian_agriculture)

procedures when it comes to transferring livestock, fertilizer, seeds, and manure. This problem may be resolved by integrating small land holdings and establishing smaller farms.

- **Lack of storage facilities**

Insufficient storage facilities are common in rural India, which forces farmers to sell their crop as soon as it is harvested at the going rates. These facilities are essential for saving money and helping consumers and farmers both.

- **Lack of Transports**

The lack of proper highway connections in many Indian villages makes it difficult for farmers to access good prices and explore unexplored markets, which poses a challenge to the country's agricultural setup.

- **Issue of Supply Chain**

Farmers selling at arbitrary pricing, excessive engagement, and loopholes make the agricultural supply chain inefficient. The resolution of these problems can be aided by organized grievance settlements and government regulations.

## **Conclusion**

Indian agriculture's legal framework is complex and dynamic, considering market regulation and land reforms. Policies about agriculture in India must be inclusive, transparent, and supportive of sustainable development if farmers are to succeed and the nation's economy and society are to succeed.