

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:52
ANSWERED ON:13.03.2012
CONTRACT FARMING
Tandon Annu

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether contract farming is in vogue in the country;
- (b) if so, the details thereof;
- (c) whether foreign companies have entered into contract farming in the country;
- (d) if so, the details thereof alongwith the specific FDI guidelines in this regard;
- (e) whether the Government is planning any legislative measure to regulate the spread of contract farming in several States; and
- (f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE, FOOD PROCESSING INDUSTRIES AND PARLIAMENTARY AFFAIRS (SHRI HARISH RAWAT)

(a) & (b): State-wise details of contract farming being practiced in different States and Union Territories as collected from the States and Union Territories is given at Annexure.

(c): It is reported that in Gujarat, McCain India Ltd, a foreign company in collaboration with an Indian company has applied to register their agreement of contact farming with State Marketing Board. The Board has sought ad-hoc permission to register their agreement for contract farming with the Government of Gujarat.

(d): The Consolidated Foreign Direct Investment (FDI) Policy, 2011 provides FDI in agriculture and animal husbandry in (a) floriculture, horticulture, apiculture and cultivation of vegetables and mushrooms under controlled conditions, (b) development and production of Seeds and planting material, (c) animal husbandry (including breeding of dogs), Pisciculture, Aquaculture, under controlled conditions, and (d) services related to agro and allied sectors. Besides these, FDI is not allowed in any other agricultural sector/activity.

(e) & (f): In order to regulate contract farming, the Ministry of Agriculture husbandary, framed model State Agricultural Produce Marketing Committee (APMC) Act, 2003 and model State APMC Rules, 2007 and circulated to all States and Union Territories for adoption. The model Act, inter-alia, provides provisions for the registration of contract farming sponsors, recoding of contract farming agreements with the APMC or a prescribed authority under the Act and dispute settlement mechanism. It also provides for protection of title or rights of the farmers over the land under such contracts. These are intended to protect the interest of farmers. The State Governments of Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Nagaland, Orissa, Rajasthan, Sikkim, Mizoram, Tripura, Tamil Nadu, Punjab, Uttarakhand, Haryana and Union Territory of Chandigarh have made legal provision for practice of contract farming under their respective State Laws, Since Agriculture Marketing is State subject, the State Governments are persuaded to adopt the provisions of model Act in the interest of farmers.