

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:1839

ANSWERED ON:04.12.2012

CONTRACT FARMING

Siddeswara Shri Gowdar Mallikarjunappa;Tomar Shri Narendra Singh

**Will the Minister of AGRICULTURE be pleased to state:**

- (a) whether contract farming is in practice in each and every State/UT in the country;
- (b) if so, the details thereof, State-wise;
- (c) whether several foreign companies have entered into contract farming in the country;
- (d) if so, the details thereof and the specific Foreign Direct Investment (FDI) guidelines issued in this regard along with the role of FDI in upgradation and development of storage, warehouses and other logistic in agricultural sector;
- (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 AND FOOD PROCESSING INDUSTRIES (SHRI TARIQ ANWAR)

(a) to (c): State-wise details of contract farming being practiced in the country are given in the Annexure.

(d): The Consolidated Foreign Direct Investment (FDI) Policy, 2012 provides FDI in agriculture and animal husbandry, with certain conditions, in (a) floriculture, horticulture, apiculture and cultivation of vegetables and mushrooms under controlled conditions, (b) development and production of Seeds and planting material, (e) 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 the working of contract farming, the Ministry of Agriculture has framed Model State Agricultural Produce Marketing (Development and Regulation) Act, 2003 and Model State Agricultural Produce Marketing (Development and Regulation) Rules, 2007 for adoption by States / Union Territories. The Model Act, inter-alia, provides provisions for the registration of contract farming sponsors, recoding of contract farming agreements with the Agricultural Produce Marketing Committee (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 farmer. Since Agriculture Marketing is State subject, the State Governments are persuaded to adopt the provisions of Model Act in the interest of farmers.