



The Mizoram State Agricultural Produce Marketing (Development and Regulation) Act, 2008

Act 11 of 2008

Keyword(s):

Agricultural Produce, Agriculturist, Business, Buyer, Commission Agent, Contract Farming, Contract Farming Agreement, Export, Exporter, E-Trading, Goshalas, Hammal, Import, Importer, Market, Market Charges, Market Functionary, Marketing Yard, Notified Agricultural Produce, Private Market Yard, Processing, Processor, Retail Sale, Seller, Special Market, Sub-Market Yard, Trader, Transportation, Transporter, Value Addition

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NOTIFICATION

No. H. 12018/135/04 - LJD/13, the 23rd April, 2008. The following Act of the Mizoram Legislative Assembly which received the assent of the Governor of Mizoram is hereby published for general information.

The Mizoram State Agricultural Produce Marketing (Development and Regulation) Act, 2008

(Act No. 11 of 2008)

[Received the assent of the Governor of Mizoram on 3rd April, 2008]

AN

ACT

It is enacted by the Mizoram State Legislature in the fifty ninth year of the Republic of India as follows :-

CHAPTER – I
PRELIMINARY

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| Short Title
Extent and
commencement | 1. | <p>(1) This Act may be called “The Mizoram State Agricultural Produce Marketing (Development and Regulation) Act, 2008”.</p> <p>(2) It extends to the whole of Mizoram except the Autonomous District Council areas.</p> <p>(3) It shall come into force on such date as the State Government may, by notification, appoint.</p> |
| Definitions | 2. | <p>In this Act, unless the context otherwise requires:-</p> <p>(1) “Agricultural Produce” means all produce and commodities, whether processed or unprocessed, of agriculture, horticulture, apiculture, sericulture, livestock and products of livestock, fleeces (raw wool) and skins of animals, forest produce etc. as are specified in the schedule or declared by the Government by notification from time to time and also includes a mixture of two or more than two such products.</p> <p>(2) “Agriculturist” means a person who is a resident of the notified area of the market and who is engaged in production of agricultural produce by himself or by hired labour or otherwise, but does not include any market functionary.</p> |

If a question arises whether any person is an agriculturist or not for the purpose of this Act, the decision of the Deputy Commissioner of the District in which such person is engaged in the production or growth of agricultural produce shall be final.

- (3) **"Bill"** means bill issued by the traders as prescribed.
- (4) **"Board"** means the State Agricultural Marketing Board, established under Section 60 of this Act.
- (5) **"Business"** means purchase, sale, processing, value addition, storage, transportation and connected activities of agricultural produce.
- (6) **"Buyer"** means a person, a firm, a company or cooperative society or Government Agency, Public Undertaking/ Public Agency or Corporation, Commission agent, who himself or on behalf of any other person or agent buys or agrees to buy agricultural produce in the market area as notified under this Act.
- (7) **"Bye-laws"** means the bye-laws made by the Market Committee under this Act & Rules.
- (8) **"Chief Executive Officer"** means the Chief Executive Officer of a Market Committee appointed under Section 36.
- (9) **"Deputy Commissioner"** means the Deputy Commissioner of the district or any officer empowered to discharge the duties of the Deputy Commissioner under the provisions of this Act.
- (10) **"Commission Agent"** means a person who on behalf of his principal trader and in consideration of a commission or percentage on the amount involved in such transaction buys agricultural produce and makes payment, keeps it in his custody and delivers it to the principal trader in due course or who receives and takes in his custody agricultural produce sent for sale within the market area or from outside the market area, sells the same in the market area and collects payment thereof from the buyer and remits the sale proceeds to his principal trader.
- (11) **"Contract Farming"** means farming by a person called "Contract Farming Producer" under a written agreement with another person called "Contract Farming Sponsor" to the effect that his farm produce shall be purchased as specified in the agreement.
Explanation : 'Contract Farming Producer' means individual agriculturist or association of agriculturists by whatever name called and registered under any law for the time being in force. In Mizoram where the ownership or control over the agricultural lands lies with the Village Council or State Revenue Department, such body will be treated as 'Contract Farming Producer'.

- (12) **“Contract Farming Agreement”** means the agreement made for contract farming between Contract Farming Sponsor and Contract Farming Producer.
- (13) **“Director”** means the person appointed, by the State Government by notification, as Director of Trade & Commerce and includes any officer or officers empowered by the State Government by notification, to exercise or perform such of the powers or functions of the Director under the provisions of this Act or the Rules or the Bye-laws made thereunder as may be specified in such notification.
- (14) **“District Council”** means a District Council constituted under paragraph 2 of the Sixth Schedule to the Constitution of India.
- (15) **“Export”** means dispatch of agricultural produce outside India.
- (16) **“Exporter”** means such person/firm who exports agricultural produce.
- (17) **“e-Trading”** means trading in which billing, booking, contracting, negotiating information exchange, record keeping and other connected activities are done electronically on computer network/internet.
- (18) **“Goshalas”** means any place or any structures used for the purpose of selling animals in any agricultural produce market.
- (19) **“Hammal”** means a labourer, hammal or coolie engaged for Dara-making, loading, unloading, filling, stitching, emptying or carrying any agricultural produce in the notified market area.
- (20) **“Import”** means bringing agricultural produce from outside India.
- (21) **“Importer”** means such person/firm who imports agricultural produce from outside India.
- (22) **“Licence”** means a licence granted under this Act.
- (23) **“Licensee”** means a person or association, firm, company, public sector undertaking or society holding a license issued under this Act.
- (24) **“Local authority”** shall mean for the purpose of representation on the market committee in relation to an area within the local units of Municipal Council/Corporation or Village Council/Court constituted

under the Village Council Act of the State or any other relevant Act/Statute of the State.

- (25) **“Managing Director”** means the Managing Director of The State Agricultural Marketing Board appointed under this Act.
- (26) **“Market”** means a market established under Section 4 which includes market area, market yard/sub yards and Market Committee.
- (27) **“Market Area”** means area notified under Section 4 of this Act.
- (28) **“Market Charges”** includes charges on account of or in respect of commission, brokerage, weighing, measuring, hammali, (loading, unloading and carrying), cleaning, drying, sieving, stitching, stacking, hiring, gunny bags, stamping, bagging, storing, warehousing, grading, surveying, transporting and processing.
- (29) **“Market Committee”** means the Agricultural Produce Market Committee established under this Act.
- (30) **“Market Functionary”** means a trader, a commission agent, buyer, Hammal, Processor, a stockist, a trader and such other person as may be declared under the rules or bye-laws to be a market functionary.
- (31) **“Market Yard”** in relation to a market area means a specified place and includes any enclosures, buildings or locality declared as such in any market area by the State Government or the Director or the Managing Director by notification.
- (32) **“Marketing”** means all activities involved in the flow of Agricultural produce from the production points commencing from the stage of harvest till these reach the ultimate consumers viz grading, processing, storage, transport, channels of distribution and all other functions involved in the process.
- (33) **“Notified Agricultural Produce”** means any agricultural produce notified under Section 4 of this Act.
- (34) **“Other Backward Classes”** means the other backward classes of Citizens as specified by the State Government from time to time;
- (35) **“Prescribed”** means prescribed by rules made under this Act.
- (36) **“Private Market Yard”** means such place other than the market yard/sub market yard in the market area where infrastructure has been developed and managed by a

person for marketing of notified agricultural produce holding a licence for this purpose under this Act.

- (37) **“Processing”** means any one or more of a series of treatments relating to powdering, crushing, decorticating, dehusking, parboiling, polishing, ginning, pressing, curing or any other manual, mechanical, chemical or physical treatment to which raw agricultural produce or its product is subjected.
- (38) **“Processor”** means a person who undertakes processing of any notified agricultural produce on his own accord or on payment of a charge.
- (39) **“Registration”** means registration done under this Act.
- (40) **“Regulation”** means regulation made by the Board, in accordance with the provisions of this Act.
- (41) **“Retail Sale”** in relation to a notified agricultural produce means a sale not exceeding such quantity as the Market Committee may determine to be a retail sale in respect thereof.
- (42) **“Rules”** means rules made under this Act by the State Government.
- (43) **“Scheduled Castes”** and **“Scheduled Tribes”** shall carry the same meaning as assigned to them under clause (24) and (25) respectively of Article 366 of the Constitution of India;
- (44) **“Seller”** means a person who sells or agrees to sell any agricultural produce.
- (45) **“Special Market”** means a market notified as such and includes special commodity market.
- (46) **“State Government”** means the Government of Mizoram.
- (47) **“Sub-Market Yard”** in relation to a market area means a specified place other than Market Yard and includes any enclosure, building or locality, declared as such in any market area by the State Government or the Managing Director by notification.
- (48) **“Trader”** means a person who in his normal course of business buys or sells any notified agricultural produce, and includes a person engaged in processing of agricultural produce, but does not include an agriculturist.
- (49) **“Transportation”** means taking agricultural produce by pushcart, bullock cart, truck or other vehicle in course of business for marketing from one place to another;

- (50) **“Transporter”** means a person who transports agricultural produce.
- (51) **“Value addition”** means processing, grading, packing or other activities due to which value is added to agricultural produce.
- (52) **“Year”** means the year as may be notified by the Government from time to time.

CHAPTER – II

ESTABLISHMENT OF MARKET

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| Notification of intention of developing and regulating marketing of Notified Agricultural produce in specified area. | 3. | <p>(1) Upon a representation made by any person or local authority or by the growers of any agricultural produce within the area for which a market is proposed to be established or otherwise, the State Government may, by notification and in such produce in specified area or any other manner as may be prescribed, declare its intention of developing and regulating the marketing of such agricultural produce and in such area as may be specified in the notification. A copy of the notification under this Section shall also be published in the Mizo language in news papers.</p> <p>(2) A notification under sub-section (1) shall state that any objection or suggestion which may be received by the State Government or Managing Director within a period of not less than 45 (forty five) days, to be specified in the notification shall be considered by the State Government.</p> |
| Declaration of market area and development and regulation of marketing of specified agricultural produce | 4. | <p>After the expiry of the period specified in the notification issued under Section 3 and after considering such objections and suggestions as may be received before such expiry and after making such inquiry, if any, as may be necessary the State Government may, produce therein, by notification, declare the area specified in the notification issued under Section 3 or any portion thereof to be market area for the purpose of this Act and that marketing of all or any of the kinds of agricultural produce specified in the notification issued under Section 3 shall be developed and regulated under this Act in such market area.</p> |
| Market Yards, Sub-Market Yards, Farmers/ Consumer/ Farmers Market and Private Market. | 5. | <p>(1) In every market area, there may be -</p> <ul style="list-style-type: none"> i) market yard managed by the Market Committee, ii) one or more than one sub market yards managed by the Market Committee, iii) one or more than one private market yards/private markets managed by a person other than a Market Committee, iv) one or more than one farmer/consumer markets managed by a person other than a Market Committee, <p>(2) The State Government shall, as soon as may be, after the issue of notification under Section 4, by notification, declare any specified place including any structure, enclosure, open place, locality in the market area to be a market yard or sub-market yard, as the case may be.</p> |

<p>Notification of intention to alter limits of or to amalgamate or to split up market areas to de-establish a market</p>	<p>6. (1) The State Government may, by notification, signify its intention –</p> <ul style="list-style-type: none"> i) to alter the limits of a market area by including within it any other area in the vicinity thereof or by excluding thereof any area comprised therein; or ii) to amalgamate two or more market areas and to constitute one Market Committee thereof; or iii) to split up a market area and to constitute two or more Market Committees thereof; or iv) to de-establish a market. v) To modify the list of agricultural produce to be regulated in the market. <p>(2) Every notification issued under sub-section (1) shall define the limits of the area which is intended to be included in or excluded from a market area, or of the market area intended to be amalgamated into one or of the area of each of the markets intended to be constituted after splitting up an existing market area or of the area of the market intended to be de-established, as the case may be, and shall also specify the period which shall not be less than six weeks within which objections, if any, shall be received by the State Government.</p>
<p>Procedure subsequent to notification under Section 6.</p>	<p>7.(1) Any inhabitant of the market area or of the areas affected by the notification issued under sub- section (1) of Section 6 may, if he objects to anything contained therein, submit his objections in writing to the State Government within the period specified for this purpose in the said notification</p> <p>(2) When the period specified in the said notification has expired and the State Government has considered and passed orders on such objection as may have been submitted to it within the said period, the State Government may by notification,</p> <ul style="list-style-type: none"> a) include the area or any part thereof in the market area or exclude it there-from; b) constitute a new Market Committee for the market area amalgamated; or c) split up an existing market area and constitute two or more Market Committees for such areas, as the case may be; or d) de-establish the market. e) Publish modified list of agricultural produce to be regulated in the market.
<p>Effect of alteration of limits.</p>	<p>8. Where a notification under Section 6 has been issued excluding any area from the market area and including any such area in any other market area, the State Government shall after consulting the Market Committee involved frame a scheme to determine what portion of the</p>

assets and other properties vested in one Market Committee, shall vest in the other Market Committee and in what manner the liabilities of the Market Committees shall be apportioned between the two Market Committees and such scheme shall come into force on the date of publication in the Gazette.

9. (1) Where a notification under Section 6 has been issued the State Government may pass such consequential orders it may deem fit in respect of—
- a) Where a notification is issued under sub-section (2) of Section 7 excluding area from any market area and such excluded area is not declared to be separate market area or a notification is issued under sub-section (2), including any area within the market area, the Market Committee constituted for such market area before the date of such exclusion or inclusion shall, notwithstanding anything contained in this Act, continue to be the Market Committee for the said market area until the reconstitution of such Market Committee under this Act.
- b) In the event of amalgamation of dissolved Market Committee, the committee-in-charge shall consist of the following members, namely :-
- i) A Chairman to be nominated by the State Government
 - ii) 6 (six) representatives of Agriculturists from the market area to be nominated by the Board;
 - iii) One representative of Traders from the market area to be nominated by the Board;
 - iv) One representative of the Cooperative Marketing Society functioning in the market area to be nominated by the State Government;
 - v) One Officer each from Trade & Commerce, Agriculture and Horticulture Departments working in the district to be nominated by the State Government
 - vi) One member of the weighmen and hamals operating in the market area holding license from the Market Committee to be nominated by the Controller of Legal Metrology;
 - vii) One representative of the Local Authority of the headquarter of the committee.
- c) In case of a split up of a Market Committee each committee-in-charge, consisting of a Chairman, six representatives of Agriculturists and a representative of Traders shall be constituted;

Provided that :-

- i) Chairman of the dissolved Market Committee shall be nominated Chairman of the newly established Market Committee of which he is a voter and for the other Market Committee, the State Government shall nominate a Chairman who possesses the qualifications prescribed in sub-section (1) of section 15.
- ii) Representative of agriculturists of the dissolved Market Committee shall also be nominated as member of the newly established Market Committee of which he is voter, the remaining representatives of the agriculturists shall be nominated by the State Government who possesses the qualification prescribed in Sub-section (1), (2) and (3) of Section 14.
- iii) Representative of traders of the dissolved Market Committee shall be nominated as a member of the newly established Market Committee, of which he is a voter and for the other Market Committee, the State Government shall nominate such licensee trader as representative of traders who possesses the qualifications prescribed in clause (c) of sub-section (i) of Section 14.
- iv) One representative of the Cooperative marketing society functioning in the market area (who shall be elected by the managing committee of such society) to be nominated by the Managing Director;
- v) One officer of the Trade & Commerce/ Agriculture / Horticulture Department working in the district to be nominated on the recommendation of the concerned Deputy Commissioner.
- vi) One member of the Weighmen and Hamals operating to be nominated by the Controller of Legal Metrology.
- vii) One representative of the Headquarters where the Market Committee is located
- viii) The committee-in-charge constituted under sub-section (1) shall subject to the control of the Managing Director, exercise all the powers and perform all the duties of the Market Committee under this Act.

(2) The provisions of Section 14 shall apply to the constitution of a Market Committee under sub-section (1) as they apply to the constitution of a Market Committee for a market established for the first time.

CHAPTER - III

CONSTITUTION OF MARKET COMMITTEE

Establishment
of Market
Committee
and its
incorporation.

10. (1) For every market area, there shall be a Market Committee having jurisdiction over the entire market area.
- (2) Every Market Committee shall be a body Corporate by such name as the State Government may, by notification, specify. It shall have perpetual succession and a common seal and may sue and be sued in its corporate name and shall subject to such restrictions as are imposed by or under this Act, be competent to conduct and to acquire, hold, lease, sell or otherwise transfer any property and to do all other things necessary for the purpose for which it is established.

Provided that no immovable property shall be acquired or transferred by way of sale, lease or otherwise without the prior permission of the State Government.

- (3) Notwithstanding anything contained in any enactment for the time being in force, every Market Committee shall for all purposes, be deemed to be a Local authority.

Vesting of
property of
Local authority
in Market
Committee

11. (1) The Market Committee may require a Local authority to transfer to it any land or building belonging to the Local authority which is situated within the market area and which, immediately before the establishment of the market was being used by the Local authority for the purposes of the market and the Local authority shall within one month of the receipt of the requisition, transfer the land and or building, as the case may be, to the Market Committee on such terms as may be agreed between them.
- (2) Where within a period of thirty days from the date of receipt of requisition by the Local authority under Sub-section (1) no agreement is reached between the Local authority and the Market Committee under the said Sub-section, the land or building required by the Market Committee shall vest in the Market Committee for the purposes of this Act and the Local authority shall be paid such compensation as may be determined by the Deputy Commissioner under Sub-section (5).

Provided that no compensation shall be payable to a Local authority in respect of any land or building which had been vested in it by virtue of the provision contained in the enactment relating to the Constitution of such Local authority without payment of any amount whatsoever may be, for such vesting.

Provided further that any party aggrieved by the order of the Deputy Commissioner may, within 30 (thirty) days from the date of such order, appeal to the State Government.

(3) The Local authority shall deliver possession of the land or building vesting in the Market Committee under Sub-section(2) within a period of seven days from such vesting and on failure of the Local authority to do so, within the period aforesaid, the Deputy Commissioner shall take possession of the land or building and cause it to be delivered to the Market Committee.

(4) The order of the State Government and subject to that order, the order of the Deputy Commissioner under Sub-section (2) shall be final and binding on both the parties.

(5) The Deputy Commissioner shall fix the amount of compensation for the land or building having regard to –

- (i) the annual rent for which the building might reasonably be expected to be let from year to year;
- (ii) the condition of the building;
- (iii) the amount of compensation paid by the Local authority for the acquisition of such land; and
- (iv) the cost of the present value of any building erected or other work executed on the land by the Local authority.

(6) The compensation fixed under Sub-section (5) may, at the option of the Market Committee, be paid in lump sum or in such number of equal instalments not exceeding ten as the Deputy Commissioner may fix. Where the compensation is paid in instalments, it shall carry interest at the rate of six per cent per annum which shall be payable along with instalments.

Acquisition of land for Market Committee

12 (1)

When any land within the market area is required for the purposes of this Act and the Board or the Market Committee is unable to acquire it by agreement, the State Government may, at the request of the Board or the Market Committee, as the case may be, proceed to acquire such land under the provisions of the Land Acquisition Act, 1894 (No. 1 of 1894) and on the payment of the compensation awarded under that Act by the Board or Market Committee and of any other charges incurred by the State Government in connection with the acquisition, the land shall vest in the board or the Market Committee, as the case may be.

Provided that once a proposal is made by the Market Committee, it shall not be withdrawn by it except for such reasons as may be approved by the State Government.

(2)

The Board or the Market Committee shall not without the previous sanction of the State Government transfer any land which has been acquired for this purpose by the Board or the Market Committee under Subsection (1) or divert such land to a purpose other than the purpose for which it has been acquired.

Provided that the premises used for market yard, sub-market yard or for the purpose of the Board shall not be deemed to be included in the limits of the Market Committee, Municipal Council Notified Area, Village Council or a Special Area Development Authority, as the case may be.

Appointment
of Officer-in-Charge
of Market Committee
pending constitution of
first Market Committee.

- 13 (1) When a Market Committee is established for the first time under this Act, the State Government shall by an order appoint :

A person to be the officer – in - charge for a period not exceeding two years. The member of the Market Committee may be appointed from among persons representing the same interests and in the same proportion as specified in Section 14 for a period not exceeding two years. The officer-in-charge or the Committee-in-charge shall, subject to the control of the Managing Director, exercise all the powers and perform all the duties of the Market Committee under this Act:

Provided that the State Government may at any time during the period aforesaid appoint committee-in-charge in place of Officer-in-Charge and officer-in-charge in place of committee-in-charge as the case may be, so appointed shall hold office or shall function for the remainder of the period available to its predecessor:

Provided further that in the event of death, resignation, leave or suspension of the Officer-in-charge, a casual vacancy shall be deemed to have occurred in such office and such vacancy shall be filled, as soon as may be, by appointment of a person thereto by the State Government and until such appointment is made, the Managing Director shall Act as Officer-in-charge.

Provided that if the Market Committee is constituted before the expiry of the period aforesaid the officer-in-charge shall cease to hold office or the committee-in-charge shall cease to function on the date appointed for the first general meeting of the newly constituted Market Committee.

- (2) In the event of a vacancy occurring on account of death, resignation or otherwise of the members of the Market Committee-in-charge, the vacancy shall be filled in by fresh appointment by the State Government.
- (3) Any officer-in-charge or any or all persons appointed as the committee-in-charge under Sub-section (1) may at any time be removed by the State Government who shall have power to appoint another person or persons, as the case may be, in his or their place or places.
- (4) Every person appointed officer-in-charge under Sub-section(1) shall receive from the Market Committee fund for his services such honorarium and allowances as may be fixed by the Board and every member of the committee-in-charge shall be entitled to receive from the Market Committee fund, allowances at such rate at which

Constitution
of the
Market Committee

allowances are payable to members of the Market Committee.

14. (1) Save as provided in Section 13, every Market Committee shall consist of the following members, namely

(a) 6 (six) members shall be Agriculturists, of which one shall be a woman Agriculturist within the notified Market area:

Provided that the Agriculturist may include owner of the Cattle whenever the Market Committee constituted for cattle market.

Provided further that no agriculturist will be eligible to be elected as representative of agriculturists unless he/she has sold agricultural produce in the market in the preceeding two consecutive years.

(b) Two members shall be licensed traders elected amongst themselves in the manner prescribed ;

(c) One member shall be a representative of the Cooperative Marketing Society/Societies which has Headquarters within the Market Area, nominated by the Registrar, Co-operative Society :

Provided that such representative shall be the Chairman or Vice-Chairman of the Cooperative Marketing Society :

d) Three members shall be the Government nominees representing Trade & Commerce Department, Agriculture Department and Cooperation Department respectively;

e) One representative of Hammal & Weighmen to be nominated by the registered union of the Hammal and Weighmen:

f) One representative of the Local Authority

(2) A member elected under clauses (a), (b) and (c) of Sub-section (1) shall cease to hold office as such member if he ceases to be a member of the electorate by which he was elected.

(3) The State Government may make rules to provide for the election of the members of the Market Committee, the authority which shall conduct election, determination of constituencies, the preparation and maintenance of the list of voters, disqualifications for being chosen as, and for being, a member the right to vote, the payment of deposit

and its forfeiture, election offences, the determination of election disputes and all matters ancillary thereto.

- (4) On the failure of the electorate mentioned in clause - (a) and (b) of sub-section (1) to elect a member or members referred to in the said clause after the election proceedings have been started in accordance with the provisions of this Act or the rules made thereunder, the State Government shall nominate on behalf of the electorate concerned a person or persons qualified to be a member or members of the Market Committee.
- (5) Members of every Market Committee shall hold office for a period of five years from the date of the first general meeting of the Market Committee.
- (6) If within the period mentioned in Sub-section (5) the Market Committee is not newly constituted, the Market Committee shall, on the expiry of such period, be deemed to have been dissolved.
- (7) An elected member of the Market Committee may resign his office at any time by a letter in writing addressed to the Managing Director to that effect and his office shall become vacant on expiry of fifteen clear days from the date of such resignation unless within the said period of fifteen days he withdraws the resignation by another letter in writing addressed to the Managing Director.
- (8) In the event of the death, resignation or removal of a member before the expiry of his term of office, a casual vacancy shall be deemed to have occurred in such office and such vacancy shall be filled as soon as may be, by the election or nomination, as the case may be, of a person there-to as member, who shall take office forthwith and shall hold such office for the unexpired term of his predecessor; provided that no casual vacancy shall be filled which occurs within a period of four months preceding the date on which his term expires.
- (9) The Chairman and other members of the Market Committee shall be paid from the Market Committee Fund such Honorarium, Sitting fees, Traveling Allowances and other allowances as may be fixed by the Board from time to time.

Chairman and
Vice Chairman
of Market
Committee

15. (1) Every Market Committee shall have a Chairman and a Vice-Chairman. The Chairman and Vice-Chairman shall be elected by the elected members of the Market Committee from amongst those who are representatives of agriculturists.

- (2) After every general election, the Market Committee shall elect the Chairman and Vice-Chairman at its first general meeting, which shall be convened by the Managing Director within one month of the general election. The Chairman and Vice-Chairman so elected shall hold office for the full term from the date on which they enter upon their respective offices.
- (3) The Chairman and Vice-Chairman shall notwithstanding the expiry of their term of office, continue to hold office until their successors enter upon their office.
- (4) The meeting convened for the election of the Chairman and Vice-Chairman shall be presided over by the Managing Director or any officer authorized by him in this behalf. The Managing Director or such officer, when presiding over the meeting, has the same powers as the Chairman when presiding over a meeting of the Market Committee, but shall not have the right to vote.
- (5) If in the election of a Chairman or Vice-Chairman there is an equality of vote, the result of the election shall be decided by lots to be drawn in the presence of the officer presiding in such manner as he may determine.
- (6) In the event of dispute, arising as to the validity of the election of a Chairman or Vice-Chairman the Deputy Commissioner, if he is the presiding officer shall decide the dispute himself and in any other case officer presiding shall refer the dispute to the Deputy Commissioner for decision. The decision of the Deputy Commissioner shall, subject to an appeal to the Secretary, Government of Mizoram, Trade & Commerce, be final and no suit or other proceedings shall lie in any Court of Law in respect of such decision.

Resignation
by Chairman
and Vice-
Chairman and
vacancy in
their office.

16. (1) A member holding office of Chairman or Vice - Chairman may resign his office at any time in writing addressed to the Managing Director and the office shall become vacant on the expiry of fifteen clear days from the date of such resignation, unless within the said period of fifteen days he withdraws the resignation in writing addressed to the Managing Director.
- (2) Every Chairman and Vice-Chairman shall vacate office if he ceases to be a member of the Market Committee.
- (3) During the vacancy caused by death, resignation, removal or otherwise in the office of the Chairman, the Vice-Chairman and if the office of Vice-Chairman is also vacant then notwithstanding anything contained in this

Act, such member of the Market Committee as the Managing Director may appoint, shall exercise the powers and perform the functions of the Chairman till the Chairman is duly elected.

No confidence motion against Chairman and Vice-Chairman

17. (1) A motion of no confidence may be moved against the Chairman or the Vice – Chairman at a meeting specially convened for the purpose under Sub-section (2) and if the motion is carried by a majority of not less than two-third of the members of the committee, cease to be the Chairman or Vice-Chairman as the case may be.
- (2) For the purpose of sub-section (1) a meeting of the Market Committee shall be held in the prescribed manner within thirty days of the date of receipt of the notice of motion of no confidence.
- (3) The Chairman or Vice-Chairman shall not preside over the meeting, but such meeting shall be presided over by an officer of the Government as the Managing Director may appoint for the purpose . However, the Chairman or Vice-Chairman as the case may be, shall have the right to speak and otherwise to take part in the proceedings of the meeting.
- (4) If the motion of no confidence is not accorded as aforesaid or if the meeting could not be held for want of quorum, no notice of any subsequent motion expressing vote of confidence in the same Chairman or Vice-Chairman shall be made until after the expiry of six months from the date of such scheduled meeting.

Seizure and taking possession of record and property of Market Committee under certain conditions

- 18 (1) Where the Managing Director is satisfied that the books and records of a Market Committee are likely to be suppressed, tampered with or destroyed, or the funds and property of a Market Committee are likely to be misappropriated or misapplied, the Managing Director may order for seizure and taking possession of the record and property of the Market Committee.
- (2) On receipt of the Order under Sub-section (1), the police officer not below the rank of Sub-Inspector of the local area shall enter and search any place where the records and property are kept or are likely to be kept and to seize them and hand over possession thereof to the Managing Director or the person authorized by him, as the case may be.

CHAPTER – IV

CLASSIFICATION OF MARKET AND SPECIAL MARKET

Classification of Market	19.	The State Government may classify the market constituted under Section - 4, into various categories on the basis of the criteria as may be prescribed.
Special Market and Special Commodity Market	20.	<p>(1) The State Government may by notification declare any market area as 'Special Market' or 'Special Commodity Market' after consideration of such aspects as turnover, serving large area and special infrastructure requirements of particular commodity, to be operated in addition to the existing market.</p> <p>(2) Save as provided under sub-section (1) of Section 14, the State Government may by notification, establish separate Market Committee for effective implementation of provisions of this Act for such markets which are notified as special market under Sub-section (1).</p> <p>(3) All provisions for and in relation to the Market Committee made in the Act shall mutatis mutandis apply to the Market Committee established for the special market under sub-section (1).</p>
Constitution of Market Committee for Special Market.	21.	<p>(1) Save as provided under sub-section 1 of Section 14, every Market Committee for special market shall consist of the following members namely :</p> <p>i) Agriculturists (to be nominated by the State Government from amongst the agriculturist residing in the State.).....5.</p> <p>ii) Traders (to be nominated by the State Govt. from amongst the traders holding trading license in any Market Committees in the State). Out of the traders so nominated, at least two shall hold the license from the Market Committee of Special Market.....4.</p> <p>iii) The Local Authority of the area where the Special Market is located.....1.</p> <p>iv) The Deputy Commissioner or his nominee of the District in which Special Market is located.....1.</p> <p>v) Chief Town Planner or the authority exercising such powers.....1.</p> <p>vi) Representative of the Registrar of Cooperative Societies 1.</p>

- vii) Director of Trade & Commerce (ex-officio member)..... 1.
 - viii) Chief Executive Officer (or his nominee) of the State Agricultural Marketing Board (ex-officio Member) 1.
 - ix) Representative of other States where-from arrivals are received or to where Agricultural Produces are exported by the special market (to be nominated by the respective State Government on receipt of request for such nomination by the State Government where Special Market is located)1.
 - x) Executive Member (to be appointed by the State Government) who shall act as the Chief Executive Officer of the Market Committee.....1.
 - xi) Agricultural Marketing Advisor to the Government of India or his nominee.....1.
- (2) The Market Committee shall meet at least once in six months.
22. Chairman and Vice-Chairman for Special market The Market Committee, for Special Market shall have Chairman and Vice – Chairman who may be nominated by the State Government for such period as may be specified. The members shall hold office during the pleasure of the State Government.
23. Executive Committee for Special Market
- (1) There shall be Executive Committee of the Market Committee of the Special Market consisting of
 - i) One representative of the traders holding the trading license in the Market Committee of Special Market.
 - ii) One representative of growers in the Market Area.
 - iii) Representative of the Registrar of Cooperative Societies.
 - iv) Director of Trade & Commerce or his nominee.
 - v) Chief Executive Officer (or his nominee) of the State Agricultural Marketing Board.
 - vi) Executive Member of the Market Committee who shall act as the Member-Secretary of the Executive Committee.
 - (2) In case of emergency, the Executive Committee may decide issues requiring approval of the Market Committee. However, such decisions shall have to be approved by the Market Committee within 45 days from the date, such decisions have been taken. Failure in doing so or in the event of disapproval of such decisions by the Market Committee, such decisions shall stand null and void.
 - (3) The Executive Committee will meet as often as necessary, but at least once in two months.

Chief Executive
of the Market
Committee of
Special Market,
Functions &
powers.

24. Executive Member of the Market Committee shall act as the Chief Executive Officer of the Market Committee of the Special Market. The Chief Executive Officer shall
- i) exercise supervision and control over the Officers and staff of the Market Committee in matter of executive administration concerning accounts and records and disposal of all questions relating to the services of the officers and staff of the Market Committee as per the prescribed procedure.
 - ii) appoint officers and staff of the Market Committee as per direction and procedure prescribed by the Market Committee.
 - iii) incur expenditure from the Market Committee fund for the sanctioned items of work.
 - iv) in cases of emergency, direct execution of stoppage of any work and doing of any act which requires the sanction of the Market Committee.
 - v) launch prosecution for violation of provision of this Act and rules and bye-laws made thereof.
 - vi) Issue licenses to the functionaries operating in the market.
 - vii) prepare annual budget of the Market Committee.
 - viii) arrange for summoning the meetings of the Market Committee and maintenance of records of the proceedings of such meetings.
 - ix) inspect from time to time the construction work undertaken by the Market Committee and send report of such inspection to the Chairman of the Market Committee.
 - x) report such acts of the Market Committee or members of the Market Committee including the Chairman and Vice-Chairman which are contrary to the provisions of this Act and Rules and Bye-laws framed thereof to the Managing Director.
 - xi) take such steps as deemed necessary for effective discharge of the functions and decisions of the Market Committee.

CHAPTER – V
CONDUCT OF BUSINESS AND POWERS AND
DUTIES OF MARKET COMMITTEE

- | | | | |
|---|-----|-----|---|
| Meeting etc.
of the Market
Committee. | 25. | (1) | Subject to the provisions of this Act, the Market Committee shall conduct its business as may be prescribed. |
| | | (2) | A Market Committee shall meet for the transaction of its business at least once in every month, provided that the Market Committee may in special circumstances meet at any time and at any place in the market area as may be prescribed. |
| | | (3) | Chairman shall preside over meetings of Market Committee and if he is absent, the Vice-Chairman shall preside over meeting of the Market Committee and if at any meeting both the Chairman and the Vice-chairman are absent, such one of the members present in the meeting as may be chosen by the members present may act as Chairman |
| Powers and
duties of the
Market
Committee. | 26. | (1) | Subject to the provisions of this Act, it shall be the duty of the Market Committee <ul style="list-style-type: none"> i) to implement the provisions of this Act, the rules and the bye – laws made there under in the market area; ii) to provide such facilities for marketing of agricultural produce therein as the Managing Director of the Board may from time to time direct; iii) to do such other acts as may be required in relation to the superintendence, direction and control of market or for regulating marketing of agricultural produce in any place in the market area, and for the purposes connected with the matters aforesaid, and for that purpose may exercise such powers and discharge such functions as may be provided by or under this Act; iv) and to do all such other acts to bring about complete transparency in pricing system and transaction taking place in market area. |
| | | (2) | Without prejudice to the generality of the foregoing provisions :- <ul style="list-style-type: none"> a) Market Committee may <ul style="list-style-type: none"> i) maintain and manage the market yards and sub-market yards within the market area; |

- ii) provide the necessary facilities for the marketing of agricultural produce within the market yards and outside the market yards and within the sub-market yards and outside the sub-market yards in the market area;
- iii) register or refuse registration to market functionaries and renew, suspend or cancel such registration, supervise the conduct of the market functionaries and enforce conditions of Registration;
- iv) regulate or supervise the auction of notified agricultural produce in accordance with the provision and procedure laid down under the rules made under this Act or bye-laws of the Market Committee;
- v) conduct or supervise the auction of notified agricultural produce in accordance with the procedure laid down under the rules made under this Act or bye-laws of the Market Committee ;
- vi) regulate the making, carrying out and enforcement or cancellation of agreement of sales, weighment, delivery, payment and all other matters relating to the market of notified agricultural produce in the manner prescribed;
- vii) provide for the settlement of all disputes between the seller and the buyer arising out on any kind of transaction connected with the marketing of notified agricultural produce and all matters ancillary thereto;
- viii) take all possible steps to prevent adulteration of notified agricultural produce;
- ix) *make arrangements for employing by rotation, Weighmen and hammals for weighing and transporting of goods in respect of transactions held in the market yard/sub yards.*
- x) Set up and promote public private partnership in management of the Agricultural Markets.
- xi) To promote public private partnership for carrying out extension activities in its area viz., collection, maintenance and dissemination of information in respect of production, sale, storage, processing, prices and movement of notified agricultural produce;

- xii) take measures for the prevention of purchases and sales below the minimum support prices as fixed by the Government from time to time;
- xiii) levy, take, recover and receive rates, charges, fees and other sums of money to which the Market Committee is entitled;
- xiv) employ the necessary number of officers and servants for the efficient implementation of the provisions of this Act, the Rules and the Bye-laws as prescribed;
- xv) regulate the entry of persons and vehicles, traffic into the market yard and sub-market yard vesting in the Market Committee;
- xvi) prosecute persons for violating the provisions of this Act, the Rules and the Bye-laws and compound such offences;
- xvii) acquire land and dispose of any moveable property for the purpose of efficiently carrying out its duties;
- xviii) impose penalties on persons who contravene the provisions of this Act, the Rules or the Bye-laws or the orders or directions issued under this Act, the Rules or the Bye-laws by the Market Committee, its Chairman or by any officer duly authorized in this behalf;
- xix) institute or defend any suit, prosecution, action, proceeding, application or arbitration and compromise such suit, action proceeding, application or arbitration;
- xx) pay pension, allowances, gratuities, contribution towards leave allowance, pensions or provident fund of the officers and servants employed by the Market Committee in the manner prescribed;
- xxi) administer Market Committee fund referred to in Section-58 and maintain the account thereof in the prescribed manner;
- xxii) keep a set of standard weights and measure in each principal market yard and sub-market yard against which weighment and measurement may be checked;
- xxiii) inspect and verify scales, weights and measures in use in a market area and also the books of accounts and other documents maintained by the market functionaries in such manner as may be prescribed;
- xxiv) arrange to obtain fitness(health) certificate from veterinary doctor in respect of

- animals, cattle, birds etc., which are bought or sold in the market yards/market area;
- xxv) carry out publicity about the benefits of regulating the system of transaction, facilities provided in the market yard etc. through such means as poster, pamphlets, hoardings, cinema slides, film shows, group meetings, electronic media etc., or through any other means considered more effective or necessary;
 - xxvi) ensure payment in respect of transactions which take place in the market yard to be made on the same day to the seller, and in default to seize the agricultural produce in question along with other property of the person concerned and to arrange for re-sale thereof and in the event of loss, to recover the same from the original buyer, together with charges for recovery of the losses, if any, from the original buyer and effect payment of the price of the agricultural produce to the seller;
 - xxvii) recover the charges in respect of Weighmen and hammals and distribute the same to Weighmen and hammals if not paid by the purchaser/seller as the case may be;
 - xxviii) with the prior sanction of the Managing Director undertake the constructions of godowns, roads and such other infrastructure in the market yard/sub-yard and market area as may be required to facilitate movement of agricultural produce to the market for benefit of producers, sellers and traders operating in the market area.
 - xxix) Collect and maintain information in respect of production, sale, storage, processing, prices and movement of notified agricultural produce and disseminate such information as directed by the Managing Director;
 - xxx) with a view to maintain stability in the market(a) take suitable measures to ensure that traders do not buy agricultural produce beyond their capacity and avoid risk to the sellers in disposing of the produce; and (b) grant licenses only after obtaining necessary security in cash and bank guarantee according to the capacity of the buyers;

xxxi) to promote and undertake agricultural processing including activity for value addition in agriculture produce.

- (3) With the prior sanction of the Managing Director, the Market Committee may undertake the following :
- i) construction of roads, godowns and other infrastructure in the market area to facilitate marketing of agricultural produce and for the purpose give grant or advance funds to the Board, the Public Works Department or any other Department or undertaking of the State Government or any other agency authorized by the Managing Director,
 - ii) maintain stocks of fertilizer, pesticides, improved seeds, agricultural equipments, inputs for sale,
 - iii) to provide on rent storage facilities for stocking of agricultural produce to agriculturists,
 - iv) to give grant for maintenance of the "Goshalas" recognized by the State Government.
- (4) In addition to above the Market Committee shall also be responsible for
- i) the maintenance of proper checks on all receipts and payment by its officers;
 - ii) the proper execution of all works chargeable to the Market Committee fund
 - iii) keeping a copy of this Act and of the Rules and notifications issued thereunder and of its bye-laws, open to inspection free of charge at its office; and
 - iv) arranging for preventive measures against spread of contagious cattle disease.
- (5) To promote and encourage e-trading, Market Committee may establish regulatory system, create infrastructure and undertake other activities and steps needed thereto.

Publishing and circulation of arrival with rates

27. To publish and circulate from time to time the data of arrivals and rates of agricultural produces standard wise brought into the market area for sale as prescribed.

Appointment of sub-committee and delegation of powers.

28. Subject to such conditions and restrictions as may be prescribed, the Market Committee may appoint sub-committees consisting of one or more of its members for the performance of any of its duties or functions for reporting or giving opinion on any matter and may delegate to any such sub-committee such of its powers as may be necessary.

Power to Borrow

29. (1) A Market Committee may, with the previous sanction of the Managing Director, raise money or issue debentures required for carrying out the purpose for which it is established on the security of any property vested in it and of any fees leviable by it under this Act.
- (2) The Market Committee may, for the purpose of meeting the initial expenditure on lands, building, staff and equipments required for establishing the market, obtain a loan from the State Government or Marketing Board or other financial institution with the permission of the Board.
- (3) The conditions subject to which money or loan under sub-section (2) shall be raised or obtained and the time within which the same shall be repayable shall be subject to the previous sanction of the State Government.

Compounding of offences.

30. (1) The Market Committee may accept from any person who has committed or is reasonably suspected of having committed an offence (other than contravention of Section 39) against this Act or the Rules or Bye-laws, made thereunder by way of compounding of such offence :-
- a) Where the offence consists of the failure to pay or the evasion of any fee, or other amount recoverable under this Act or the Rules or the Bye-laws in addition to the fee or other amount so recoverable a sum of money not less than the amount of the fee or other amount and not more than five times the amount of fee or other amount to the maximum extent of rupees five thousand, and
- b) In other cases a sum of money not exceeding five thousand rupees.
- (2) On the compounding of any offence under sub-section (1), no proceeding shall be taken or continued against the person concerned in respect of such an offence, and if any proceedings in respect of that offence have already been instituted against him in any court, the compounding shall have effect of his acquittal.

Power to write off irrecoverable fee etc.

31. A Market Committee may write off any fee or amount whatsoever due to it, whether under a contract or otherwise, or any amount payable in addition therewith if in its opinion such fee or an amount is irrecoverable.

Provided that the Market Committee shall, before writing off any such fee, or amount, obtain the sanction of the Board.

- Power to remove encroachment on market yard.
32. (1) Any officer or servant of the Market Committee or the Board empowered by the State Government in this behalf shall have power to remove any encroachment in a space in the market yard and the expenses of such removal shall be paid by the person who has caused the said encroachment and shall be recovered in the same manner as arrears of land revenue.
- (2) Existence of encroachment in market yard will be treated as a misconduct of committee, if it does not resolve to remove it and also of the Chairman, Vice-Chairman or the Chief Executive Officer if they fail to remove it after resolution of the committee.
- Use of weighing instrument, weigh and measure, their inspection and seizure.
33. (1) Only such weighing instruments which satisfy the requirements of such weights and measures as are prescribed by the State Weights and Measures Act and the Rules made thereunder shall be used for weighing or measuring agricultural produce in a notified market area;
- Provided that in transactions of sale and purchase of agricultural produce in the principal market yard and sub-market yards of the notified market area the beam scale or platform scale or electronic balance shall only be used.
- (2) Every committee shall keep in the market yard at least one weighing instrument of the capacity of one quintal and two sets of weights and in places where measures are used to be measured, verified and stamped in accordance with the provisions of the State Weights and Measures Act, and the rules framed thereunder. The committee shall cause with such weights and measures to be tested and verified once in the course of each calendar year through the agency appointed and in accordance with the requirements of the said Act and Rules.
- (3) The Market Committee shall allow any person to check, free of charge, any weights or measures in his possession against the weights and measures maintained under this section.
- (4) Weighing instruments, weights and measures kept by the committee under this section may at any time be inspected, examined and checked by the Managing Director or any other officer duly authorized in this behalf by the Managing Director. After inspection, the inspecting authority may give such directions as it may deem proper, the committee shall be bound to comply with such directions.

Mode of
making
Contract

- (5) The Managing Director or the Market Committee, and any other person authorized in this behalf by the Managing Director or Market Committee shall be entitled at any time and without previous notice to inspect, examine and test any weighing instruments, weights or measures used, kept or possessed within a notified market area by a licensee under the Act, and every such licensee in possession of any such weighing instrument, weights or measures shall when required be bound to produce the same before the person entitled so to inspect, examine and test it.
 - (6) Any person authorized to inspect, examine and test any weighing instrument weights and measures, under Sub-section (5) shall, while so acting, have all the powers of an Inspector of Legal Metrology appointed under the State Weights and Measures Act.
34. (1) Subject to the provision of this Act, no contract or agreement on behalf of the Market Committee for purchase, sale, lease, mortgage or other transfer of, or acquisition of interest in immovable property shall be executed except with the sanction of the Market Committee. Provided that in such cases where the powers under this sub-section in respect of any matter are delegated to a sub-committee, sanction of sub-committee shall be obtained.
- (2) Save as provided in sub-section (1);
 - a) Chief Executive Officer of the Market Committee may execute contract or agreement on behalf of the Market Committee where the amount or value of such contract or agreement does not exceed rupees five thousands regarding matters in respect of which he is generally or specifically authorized to do so by a resolution of the Market Committee.
 - (b) The Chairman and the Chief Executive Officer of the Market Committee may jointly execute a contract or an agreement on behalf and with the approval of the Market Committee when the amount or value of such a contract or an agreement does not exceed rupees twenty thousands depending on the class of the Market Committee as may be prescribed.
 - (c) In any case other than those referred to in clause (a) of Sub-Section (2) a contract or agreement on behalf of the Market Committee shall be executed by the Chairman, Chief Executive Officer and one other member of the Market Committee who shall have been generally or specially authorized by a resolution of the Committee to do so.

- Act of Market Committee etc. not to be invalidated.
- (3) Every contract entered into by the Market Committee shall be in writing and shall be signed on behalf of the Market Committee by the Person or Persons authorized to do so under sub-section (2).
 - (4) No contract other than a contract executed as provided in sub-section (1), (2) or (3) shall be valid and binding on the Market Committee.
 - (5)
 - a) Notwithstanding anything contained in the Indian Registration Act, 1908 (No. 16 of 1908), it shall not be necessary for the Chairman or any member or officer or Chief Executive Officer of a Market Committee to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity or to sign as provided in Section 58 of the Act.
 - (b) Where any instrument is so executed, the registration officer to whom such instrument is presented for registration may, if he thinks fit, refer to such Chairman, Member, Officer or Chief Executive Officer for furnishing information respecting the same and shall on being satisfied of the execution thereof, register the instrument.
 - (c) Where a contract or agreement is entered into on behalf of a Market Committee, the Chief Executive Officer of the Market Committee shall report the fact to the Market Committee at each meeting convened and held immediately following the date of entering into such a contract or an agreement.
 - 35. No act of Market Committee or of any Sub - Committee thereof or of any person acting as a member, Chairman, Vice - Chairman, presiding authority or Chief Executive Officer shall be deemed to be invalid by reason only of some defect in the constitution or appointment of such Market Committee, Sub-Committee members, Chairman, Vice-Chairman, presiding authority or Chief Executive Officer or on the ground that they or any of them were disqualified for such office, or that formal notice of the intention to hold a meeting of the Committee or of the Sub -Committee was not given duly or by reason of such act having been done during the period of any vacancy in the office of the Chairman, Vice-Chairman or Chief Executive Officer or member of such committee or Sub-Committee or for any other informality not affecting the merits of the case.

CHAPTER – VI

STAFF OF MARKET COMMITTEE

Chief Executive
Officer of
Market Committee

36. (1) Every Market Committee shall have a Secretary who shall be the Chief Executive Officer of the Market and the custodian of all the records and properties of the market and shall exercise and perform the following powers and duties in addition to such other duties as may be specified in this Act, the rules or bye-laws, namely :
- i) Convene the meetings of the Market Committee and of the sub-committees, if any, and maintain minutes of the proceedings thereof;
 - ii) attend the meetings of the Market Committee and of every sub-committee and take part in the discussions but shall not move any resolution or vote at any such meeting ;
 - iii) take action to give effect to the resolution of the committee and of the sub-committees, and report about all actions taken in pursuance of such resolution to the committee as soon as possible;
 - iv) prepare the budget proposal;
 - v) furnish to the Market Committee such returns, statements, estimates, statistics and reports as the Market Committee may from time to time, require including reports
 - a) regarding the fines and penalties levied on and any disciplinary action taken against the members of the staff and the market functionaries and others;
 - b) regarding over-trading by traders;
 - c) regarding contravention of the Act, the rules, the bye-laws of the standing orders by any person;
 - d) regarding the suspension or cancellation of licence by the Managing Director.
 - e) regarding the administration of the Market Committee and the regulation of market;
 - vi) produce before the committee such documents, books, registers and the likes as may be necessary for the transaction of the business of the Committee or the sub-committee, and also whenever called upon by the Market Committee to do so;
 - vii) exercise supervision and control over the acts of all officers and servants of the committee;
 - viii) collect fees and other money leviable by or due to the Market Committee;
 - ix) be responsible for all moneys credited to or received on behalf of the Market Committee;

- x) make disbursements of all moneys lawfully payable by the Market Committee;
- xi) report to the Chairman or Managing Director as soon as possible in respect of fraud, embezzlement, theft or loss of Market Committee fund or property;
- xii) prefer complaints in respect of prosecutions to be launched on behalf of the Market Committee and conduct proceedings, civil or criminal, on behalf of the Market Committee.

- (2) The Chief Executive Officer shall be appointed by the Market Committee from the panel maintained by the Board. The Board shall draw upon such panel of the candidates which may include professionals from open market to be appointed as Chief Executive Officers as may be prescribed. Managing Director shall have powers to appoint Chief Executive Officer on deputation from the State Government or from the Board as per prescribed rules of the Board and such appointments shall be binding on the Market Committee.

Appointment of
Staff by the Market
Committee.

- 37. (1) The State Government may make rules in respect of recruitment, qualification, appointment, promotion, scale of pay, leave, leave allowance, acting allowance, loans, pension, gratuity, annuity, Compassionate fund, provident fund, dismissal, removal, conduct, departmental punishment, appeal and other service conditions of the Officers and staff :

Provided that the Market Committee shall have powers of withholding promotion and stoppage of increment of the members of the staff.

- (2) The Salary, Allowances, Gratuity and other payment required to be made to the members of the Officers and staff in accordance with the conditions of their service, shall be charged in a Market Committee.
- (3) The Managing Director may transfer any Officer or staff from one Market Committee to another Market Committee.
- (4) The officer or staff concerned transferred under sub-section (3) shall -
 - (a) have his lien on the post held in the parent Market Committee;
 - (b) not be put to disadvantageous position in respect of pay and allowances which he would have been entitled to, had he continued in the parent Market Committee;

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- (c) be entitled to deputation allowance at such rate as the Managing Director may by general or special order, specify; and
- (d) be governed by such other terms and conditions including disciplinary control as the Managing Director may, by general or special orders, specify.

CHAPTER – VII
CONTRACT FARMING

Procedure
and Form
of contract
farming
agreement

38. Contract Farming agreement shall be governed in the manner laid down hereinafter.
- 1) Contract Farming Sponsor shall have himself farming registered with the Market Committee or with a prescribed officer in such a manner as may be prescribed.
 - 2) The Contract Farming Sponsor shall get the contract farming agreement recorded with the officer prescribed in this behalf. The contract farming agreement shall be in such form containing such particulars & terms and conditions as may be prescribed in Schedule I.
Notwithstanding anything contained in contract farming agreement, no title, rights, ownership or possession shall be transferred or alienated or vest in the contract farming sponsor or his successor or his agent as a consequence arising out of the contract farming agreement.
 - 3) Disputes arising out of contract farming agreement may be referred to an authority prescribed in this behalf for settlement. The prescribed authority shall resolve the dispute in a summary manner within thirty days after giving the parties a reasonable opportunity of being heard, in the manner prescribed in Schedule I.
 - 4) The party aggrieved by the decision of the prescribed authority under sub-section (3) may prefer an appeal to an Appellate Authority within thirty days from the date of decision. The Appellate Authority shall dispose off the appeal within thirty days after giving the parties a reasonable opportunity of being heard and the decision of the Appellate Authority shall be final.
 - 5) The decision by the authority under sub-section (3) and decision in appeal under sub-section (4) shall have force of the decree of the civil court and shall be enforceable as such and decretal amount shall be recovered as arrears of land revenue.
 - 6) Disputes relating to and arising out of contract farming agreement shall not be called in question in any court of law than otherwise provided herein above.
 - 7) The agricultural produce covered under the Contract Farming agreement may be sold to the Contract Farming Sponsor outside the market yard and in such a case, no market fees will be leviable.

CHAPTER - VIII
REGULATION OF TRADING

- Regulation of Marketing of notified agricultural produce.
39. 1) No person shall, except in accordance with the provisions of this Act and the Rules and Bye-laws made there under
- i) use any place in the market area for the marketing of notified agricultural produce ;
 - or
 - ii) operate in the market area as a market functionary.
- 2) Nothing in the sub-section (1) shall apply to the following sale or purchase of such agricultural produce –
- i) whereof the sale is made by the producer himself to any person for his domestic consumption in quantity up to four quintals ;
 - ii) which is brought for sale by head load ; provided that the State Government by notification may withdraw or modify this exemption specifying the reasons therein in respect of such market area as is specified in the notification;
 - iii) purchase or sale of which is made by a petty trader;
 - iv) purchase of which is made by an authorized fair price shop dealer from the Food Corporation of India, the “The State Commodities Trading Corporation” or any other agency or institution authorized by the State Government for distribution of essential commodities through the public distribution system;
 - v) the transfer of such agricultural produce to a cooperative society for the purpose of securing an advance there from.
- Sale of notified agricultural produce in markets
40. 1) All notified agricultural produce shall ordinarily be sold in the market yards / sub market yards or in the private yards of the licence holder, subject to the provisions of sub-section (2).
- Provided that the notified agricultural produce may be sold at other places also to a licence holder especially permitted in this behalf under Section 45 of this Act.
- Provided further that it will not be necessary to bring agricultural produce covered under contract farming to the market yard/sub-market yard/private yard and it may be directly sold to contract farming sponsor from farmers' fields.

Terms and
procedure
of buying
and selling

- 2) Such notified agricultural produce as may be brought by the licensed/registered traders from outside the market area or in the market area in the course of commercial transaction may be brought or sold anywhere in the market area.
 - 3) The price of the notified agricultural produce, brought for sale into the market yard, shall be settled by tender bid or open auction or any other transparent system and no deduction shall be made from the agreed price on any account whatsoever from the seller.
Provided that the price of notified agricultural produce in the private yards shall be settled in the manner prescribed.
 - 4) Weighment or measurement or counting of all the notified agricultural produce so purchased shall be done by such a person and such system as is provided in the Bye-laws or at any other place specified for the purpose by the Market Committee.
41. 1) Except in the commercial transaction between two traders, any other person who buys notified agricultural produce in the market area, shall execute an agreement in triplicate in such form, as may be prescribed in favour of the seller. One copy of the agreement shall be kept by the buyer, one copy shall be supplied to the seller and the remaining copy shall be kept in the record of Market Committee.
- 2) a) The price of the notified agricultural produce brought in the market yard/sub market yard/private yard shall be paid on the same day to the seller in market yard/sub market yard/private yard. Payment of notified agricultural produce purchased, out of such yard/yards, shall also be made to the seller, if he is not a trader, on the same day there itself.
 - b) In case a purchaser does not make payment under clause (a), he shall be liable to make additional payment at the rate of one percent per day of the total price of the agricultural produce, payable to the seller within five days.
 - c) In case the purchaser does not make payment with additional payment to the seller under clause (a) and (b) above, within five days from the day of such purchase, his licence/registration shall be deemed to have been cancelled on the sixth day and he shall not be registered or granted any licence or permitted to operate under this Act for a period of one year from the date of such cancellation.

- Power to levy market Fees (single point levy)
- 3) No wholesale transaction of notified agricultural produce shall be entered directly by licensed/registered traders with producers of such produce except in the market yard/sub market yard/ private yard or in such place in accordance with the provisions in the Bye-laws. Provided that agricultural produce, produced under contract farming, may be bought directly by contract farming buyer anywhere.
 - 4) The Commission agent shall recover his commission only from his principal trader at such rates as may be specified in the Bye-laws including all expenses as may be incurred by him in storage of the produce and other services rendered by him.
 - 5) Every commission agent shall be liable -
 - a) to keep the goods of his principal in safe custody without any charge other than the commission payable to him, and
 - b) to pay the principal, as soon as goods are sold, the price thereof irrespective of whether he has or has not received the price from the buyer of such goods.
42. 1) Every Market Committee shall levy market fee –
- i) on the sale or purchase of notified agricultural produce, whether brought from within the State or from outside the State into the market area;
 - ii) on the notified agricultural produce whether levyl brought from within the State or from outside the State, into the market area for processing :
at such rates as may be fixed by the State Government from time to time subject to minimum rate of fifty paise and a maximum of two rupees for every one hundred rupees of the price in the manner prescribed.
- 2) i) Market fee specified in Sub-section (1) shall not be levied for the second time in any market area of the State, provided that market fee has already been paid on that agricultural produce in any market of the State and the information in this context has been furnished, as prescribed, by the concerned person that the payment of market fee has already been made in other market.
 - ii) Market fee shall not be levied more than once in any market area in case the agricultural produce is being resold in the process of commercial transaction between traders or to consumers, provided that the information, as prescribed has been furnished by the concerned person that the payment of due market fee has already been made on it.

- 3) On the agricultural produce brought in the market area for commercial transaction or for processing, if the permit issued under Section 43 has not been submitted, the market fee shall be deposited by the buyer or processor, as the case may be, in the office of the Market Committee, within fourteen days: but before sale or resale or processing or export outside the market area.

Provided that in case any notified agricultural produce is found to have been processed, sold or resold or dispatched outside the market area without payment of market fee payable on such produce, the market fees shall be levied and recovered on five times the market value of the processed produce or value of the agricultural produce, as the case may be.

- 4) The market fee shall be payable by the buyer of the notified agricultural produce and shall not be deducted from the price payable to the seller.

Provided that where the buyer of a notified agricultural produce cannot be identified, all the fees shall be payable by the person who may have sold or brought the produce for sale in the market area.

Provided further that in case of commercial transactions between traders in the market area, the market fee shall be collected and paid by the seller.

- 5) The market functionaries, as the Market Committee may, by Bye-laws specify, shall maintain account relating to sale and purchase or processing or value addition in required forms and submit to the Market Committee periodical returns as may be prescribed.

- 6) The Market Committee may levy and collect entrance fee on vehicles, which may enter into market yard/sub-market yard at such rate as may be specified in the Bye-laws.

Permission for transportation of notified agricultural produce.

43. 1) Any notified agricultural produce shall be removed out of the market area only in the manner and in accordance with the permit issued in such form, as is prescribed by the Managing Director and not otherwise.

Provided that the bill issued by the seller will have to be kept at the time of transportation of processed product of agricultural produce.

Provided also that the producer of the agricultural produce himself may take the agricultural produce from one place to another without permit as is prescribed by the Managing Director.

Registration
of
Functionaries

2) Any agricultural produce shall be transported in the market area under commercial transactions as is prescribed by the Managing Director.

44. 1) Every person who, in respect of notified agricultural produce, desires to operate in the market area as trader, commission agent, Weighmen, hammad, surveyor, warehouseman, contract farming buyer, owner or occupier of processing factory or such other market functionary, shall apply to the Market Committee for registration or renewal of registration in such manner and within such period as may be prescribed. Provided further that any person may buy agricultural produce in the market yard/ sub-market yard on day to day basis even without getting registration in manner prescribed by the State Government. Provided further that any person who desires to trade or transact in any notified agricultural produce in more than one market areas shall have to get his registration, for respective function, with the authority prescribed by the State Government.

2) Every such application shall be accompanied with such fee as the State Government may prescribe.

3) The Market Committee may register or renew the registration or refuse to register or renew the registration on the basis of one or more of the following reasons :

- i) The applicant is a minor or not bonafide;
- ii) The applicant has been declared defaulter under the Act or rules made thereunder and bye-laws.
- iii) The applicant has been found guilty under this Act.

4) i) The applications received under Sub-section (1) shall be disposed of by the Market Committee as required in Sub section (3) in four weeks ; but if the Market Committee fails to dispose of applications in four weeks, then -

- (a) the applicant shall remind in writing the Market Committee, in respect of his application,
- (b) moreover, the applicant shall also inform in writing to the authority prescribed by the Managing Director in this regard.

ii) It shall be the duty of the Market Committee to dispose of the application within a period of two weeks after the receipt of the reminder.

- iii) The prescribed authority on the basis of information received by him and after expiry of a time of two weeks, shall only confirm that application for registration/renewal was submitted to the Market Committee and due action has not been taken by the Market Committee for disposal of the same then he shall issue a certificate under clause (ii) of Sub-section (4) regarding grant of deemed registration or its deemed renewal within two weeks' time.
- 5) All the registrations granted and renewed under this section shall be subject to the provisions of this Act, rules and bye-laws made thereunder.
- 6) No commission agent shall act in any transaction between the agriculturist – seller or trader–purchaser, on behalf of an agriculturist-seller, nor shall he deduct any amount towards commission from the sale proceeds payable to the agriculturist-seller.
45. The Managing Director/Prescribed authority may grant licence to purchase agricultural produce by establishing private yard or direct from agriculturist, in one or more market area for
- Establishment of Private yards, and direct purchase of agricultural produce from agriculturist (Direct purchasing from Producer)
- process of the notified agricultural produce;
 - trade of notified agricultural produce of particular specification;
 - export of notified agricultural produce ;
 - grading, packing and transaction in other way by value addition of notified agricultural produce.
46. 1) Consumer / Farmer market may be established by developing infrastructure as prescribed, by any person in any market area. At such place, producer of agricultural market produce himself may, as prescribed, sell his produce directly to the consumer. Provided that the consumer may not purchase more than such quantity of a commodity at a time in the consumer market as may be prescribed.
- Establishment of Consumer/Farmer Market (Direct sale by the producer)
- Market service charge shall be collected on sale of agricultural produce by the seller and will be remitted to the proprietor of the consumer market.
 - Save as other wise provided in this Act no market fee shall be leviable on the transactions under-taken in the consumer/farmers market.
 - Licence for establishment of consumer/farmer market shall be granted by the State Government or the Managing Director.

- Grant/
Renewal of
licence of
Private yard,
Consumer/Farmer
Market and
Weighman.
47. 1) Any person who, under Section 45 desires to purchase notified agricultural produce direct from the agriculturists or wishes to establish a private yard or under Section 46 desires to establish Consumers / farmers market in one or more than one market area, shall apply to the Managing Director for grant or renewal of licence, as the case may be, in the manner and for the period, as may be Prescribed by the State Government.
- 2) Along with every such application for licence, fee prescribed, by the State Government, shall be deposited.
- 3) Application received under Sub-section (1) for grant or renewal of licence may be accepted or rejected for reasons recorded in writing by the authority prescribed by the State Government, as the case may be
Provided,
- i) if the Market Committee dues are outstanding against the applicant, the licence shall not be granted/renewed;
 - ii) the applicant is a minor or not bonafide;
 - iii) the applicant has been declared defaulter under the Act and Rules and Bye-laws made thereunder;
 - iv) the applicant having been declared guilty in any criminal case and convicted by imprisonment..
 - v) Any other reason.
- 4) All the licences granted/renewed under this section shall be subject to provisions of this Act, Rules or Bye-laws made thereunder.
- Power to cancel or suspend licence/registration.
48. 1) Subject to the provisions of sub-section (4), the Managing Director or Prescribed officer or Market Committee who has issued licence or registration may, as the case may be, for reasons to be communicated to the licence holder/ registration holder in writing, suspend or cancel licence/ registration :
- a) if the licence or registration has been obtained through willful misrepresentation or fraud : or
 - b) if the holder of the licence or registration or any servant or anyone acting on his behalf with his (licence/registration holders) expressed or implied permission, commits a breach of any of the terms and conditions of licence/ registration;
 - c) if the holder of the licence/registration in combination with other licence/registration holder commits any act or abstains from carrying on his normal business in the market area with the intention of willfully obstructing, suspending or stopping the marketing of notified agricultural produce in the market yard/sub-market yard and in consequence whereof the marketing of any notified agricultural produce has been obstructed, suspended or stopped;

- d) if the holder of the licence/registration has become an insolvent;
 - e) if the holder of the licence/registration incurs any disqualification, as may be prescribed; or
 - f) if the holder of the licence/registration is convicted of any offence under this Act then within one year of the conviction if the conviction is for the first time and within three years for subsequent conviction.
- 2) Subject to the provisions of sub-section (4) the Chairman or the Chief Executive Officer may, after communicating the reasons in writing to the licence/registration holder, suspend a licence/registration for the period not exceeding one month on any reason for which the Market Committee may suspend a licence/registration under sub-section (1). The Market Committee shall confirm or reject such order within a period of 10 days.
- 3) Notwithstanding anything contained in sub-section (1), but subject to the provisions of sub-section (4), the Managing Director may, for the reasons to be communicated in writing to the licence/registration holder, by order suspend or cancel his/its licence/registration granted or renewed by the Market Committee. Provided that no order under this sub-section shall be made without notice to the market Committee.
- 4) No licence/registration shall be suspended or cancelled under this section without giving a reasonable opportunity to its holder to show cause against such suspension or cancellation.

Provided that the power to suspend or cancel a licence granted by the authority prescribed by the State Govt. shall vest with the authority himself so prescribed subject to provisions of this section.

- Appeal
49. 1) Any person aggrieved by an order of the Chief Executive Officer or the Chairman of Market Committee or the Managing Director, passed under Section 44, 47 or Section 48, as the case may be, prefer an appeal –
- a) to the Market Committee, where such order is passed by the Chairman/Chief Executive Officer, within seven days of receipt of the order ;
 - b) to the Managing Director, where such order is passed by the Market Committee, within thirty days of receipt of the order ; and
 - c) to the State Government, where such order is passed by the Managing Director, within thirty

			days of receipt of the order ; in such manner, as may be prescribed.
		2)	The Appellate Authority may, if it considers necessary to do so, grant a stay of the order appealed against for such period as it may deem fit.
		3)	The order passed by the Chairman, Market Committee and the Managing Director shall, subject to the order in the appeal under this section, be final and shall not be called in question in any court of law.
Redressal of dispute between Private Market or Consumer Market and Market Committee	50	i)	Dispute between the Private Market or Consumer Market and Market Committee, shall be referred to the Managing Director or his representative, or any other officer authorised by the State Government in this regard. The dispute shall be resolved after giving both parties a reasonable opportunity of being heard, in the manner prescribed.
		ii)	The decision given by the authority under Sub-section (i) above shall be final and shall not be called in question in any court of law.
Prohibition of trade allowances other than those prescribed under this Act	51,		No trade allowance or deduction, other than prescribed by or under this Act, shall be made or received by any person in any Market area in any transaction in respect of the notified agricultural produce and no civil court shall, in any suit or proceedings arising out of any such transaction, have regard to any trade allowance not so prescribed.
Power to order production of account and entry, inspection and seizure	52.	1)	The Chief Executive Officer of the Market Committee or any officer or servant of the State Government or the Board, empowered by the State Government in this behalf may, for the purposes of this Act, require any person carrying on business in any kind of notified agricultural produce to produce before him the accounts and other documents and to furnish any information relating to stocks of such agricultural produce for purchase, sale, processing, value addition and delivery of such agricultural produce by such person and also to furnish any other information relating to payment of market fees by such person.
		2)	All accounts and registers maintained by any person in the ordinary course of business of any notified agricultural produce and documents relating to stocks of such agricultural produce for purchase, sale, processing, value addition of such agricultural produce in his possession and offices, establishment, godown, vessels or vehicles of such persons shall be kept open for inspection at all reasonable time by such officers and servants of the State Government, Board or Market Committee, as may be authorized, by the State Government in this behalf.
		3)	If any such officer or servant has reasons to suspect that any person is attempting to evade the payment of any

market fee due from him under Section 42 or that any person has purchased, sold, processed or value added any notified agricultural produce in contravention of any of the provisions of this Act or the rules or the Bye-laws in force in the market areas, he may by communicating in writing to such person, seize such accounts, registers or documents of such a person, as may be necessary, and shall grant a receipt for the same and shall retain the same only so long as may be necessary for examination thereof or for a prosecution.

- 4) For the purposes of sub Section (2) or Sub-section (3) such officer or servant may enter or search any place of business, warehouse, office, establishment, go-down, vessel or vehicle where such officer or servant has reason to believe that such person keeps or for the time being has kept accounts, registers or documents of his business, or stock of notified agricultural produce relating to this business.
- 5) The provisions of Section 100(4) to (8) of the Code of Criminal Procedure, 1973, shall, so far as may be, apply to a search under Sub-section (4).
- (6) Where any books of accounts or other documents are seized from any place and there are such entries therein making reference to quantity, quotations, rates, receipts or payment of money or sale or purchase of goods, such books of accounts or other documents shall be admitted in evidence without witness having to appear to prove the same, and such entries shall be prima facie evidence of matters, transactions and accounts purported to have been recorded therein.

Submission
of annual
account by
licencee/Registered
functionaries and
assessment of market
fee.

53. 1) Every trader, processor, proprietor of a private yard, proprietor of consumer / farmer market or commission agent, carrying on business of notified agricultural produce shall, before the 30th June, every year submit to the Chief Executive Officer a statement of transaction undertaken by or through him during the previous financial year ending on the 31st March, in the prescribed manner.
- 2) The Chief Executive Officer shall accept or reject the statement submitted to him under sub – section (1) after necessary examination and verification on the basis of information duly available in the Market Committee and shall assess the balance amount payable by the functionary and levy the assessed amount.
- 3) Any person aggrieved by the proceedings of the Chief Executive Officer, may within thirty days from the date of

communication of notice to him, appeal to the Market Committee.

- 4) Any officer authorized by the State Government or the Board may, on his own motion or on application made to the State Government start process of re-verification of the statement, verified by the Chief Executive Officer, within two years of the date of verification and for this purpose such officer shall exercise the powers under Section 52.
- 5) The re-verification made by the officer authorized by the State Government or the Board, shall be final.

54. Assessment of market fee on his own motion by the Chief Executive Officer, payable to Market Committee by licenced/Registered functionaries.

If any person required to produce accounts or furnish information under sub-section (1) of Section 53 fails to produce such accounts or to furnish information or knowingly furnishes incomplete or incorrect account or information or has not maintained proper accounts of the business of the notified agricultural produce, the Chief Executive Officer, on his own motion, shall assess such person for fees levied under Section 42 on the basis of information available with the Market Committee.

55. Power to stop vehicles and inspect store

- 1) At any time when so required, –
 - i) by any officer or servant of the Board or any officer or servant of the Government, empowered by the Board or the Collector in this behalf in any market area, or
 - ii) by any officer or servant of the Market Committee empowered by the Market Committee in this behalf in the market area concerned, the driver or any other person in charge of the vehicle, vessel or other conveyance shall stop the vehicle, as the case may be, and keep it stationary, as long as may reasonably be necessary, and allow such person to examine the contents in the vehicle, vessel or other conveyance and inspect all records relating to notified agricultural produce carried, and give his name, address and name and address of the owner of the vehicle, vessel or other conveyance and name and address of the owner of the notified agricultural produce carried in such vehicle, vessel or other conveyance.
- 2) Persons empowered under sub section (1) shall have power to seize any notified agricultural produce brought into or taken out or proposed to be taken out of the market area in any vehicle, vessel or other conveyance, if such person has reason to believe that any fee or other amount due under this Act or the value payable to the seller in respect of such produce has not been paid.

- 3) If any person empowered under sub-section (1) has reason to suspect that any person is attempting to evade the payment of any market fee due from him under Section 42 or that any person has purchased or stored any notified agricultural produce in contravention of any of the provisions of this Act or the Rules or the Bye-laws in force in the market area, he may enter or search any place of business, warehouse, office, establishment or go down where the person empowered under Sub-section (1) has reason to believe that such person keeps or has for the time being kept stock of notified agricultural produce and may seize the stored agricultural produce and such seized notified agricultural produce may be confiscated in favour of the Market Committee as prescribed for this purpose.

Provided that reasonable opportunity of hearing shall be given to the person concerned before confiscation of the agricultural produce.

- 4) The provisions of Section 100, 457, 458 and 459 of the Code of Criminal Procedure, 1973 (No. 2 of 1974) shall, apply to entry, search and seizure under Sub-section (1), (2) and (3) as they apply in relation to the entry, search and seizure of property by the police officer. Such seizure shall forthwith be reported by the person aforesaid to a Magistrate having jurisdiction to try the offence under this Act.

Power to grant exemption from market fee.

56. 1) The State Government may, by notification and subject to such conditions and restrictions, if any, as may be specified therein, exempt in whole or in part any agricultural produce brought for sale or bought or sold in the market area specified in such notification, from the payment of market fee for such period as may be specified therein;
- 2) The State Government may rescind any notification issued under this section before the expiry of the period for which it was to have remained in force, and on such rescission such notification shall cease to be in force.

CHAPTER – IX

BUDGET & MARKET COMMITTEE FUND

- Preparation and sanction of budget.
57. 1) Every Market Committee shall prepare and pass the Budget of its income and expenditure for the ensuing year in the prescribed form and shall submit it to the Managing Director for sanction before the prescribed date every year. The Managing Director shall sanction the budget with or without modification within two months from the date of receipt thereof. If the Budget is not returned by the Managing Director within two months, it shall be presumed to have been sanctioned.
- 2) The Market Committee may sanction and cause to undertake execution of construction works out of its fund other than the permanent fund referred to in sub-section (6) on the basis of the plans and designs approved by the Market Committee, in such manner as may be prescribed by the Board. No expenditure except payment of pension will be made out of pension fund.
- 3) No expenditure shall be incurred by a Market Committee on any item if there is no provision in the sanctioned budget unless it can be met by re-appropriation from saving under any other head. The sanction for re-appropriation may be obtained from the Managing Director provided that in case of re-appropriation from minor heads under one major head, sanction for re-appropriation will not be required.
- 4) A Market Committee at any time during the year for which any budget has been sanctioned, may cause a revised or supplementary budget to be passed and sanctioned in the same manner as if it were an original budget.
- 5) The Market Committee shall make provision in its budget for crediting the amount into the permanent fund at the rate of twenty percent of its gross receipt comprising of licence fee and market fee and to the pension fund as prescribed from time to time by the Managing Director. No expenditure from the permanent fund shall be incurred except with the prior approval of or as per direction given by the Managing Director. No expenditure from this fund or from amount as provided under sub section (2) of section 58 shall be proposed in the budget referred to in sub section(1).
- 6) The Managing Director while according sanction for construction work may at his discretion, direct that the execution of the works shall be entrusted to the Public Works Department of the State Government or Marketing Board or any other agency authorized by the State Government for this purpose.

- Market Committee fund
58. 1) Save as provided in sub - section (2) all moneys received by a Market Committee shall be paid into a fund to be called "The Market Committee Fund" and all expenditure incurred by the Market Committee under or for the purposes of this Act shall be defrayed out of the said fund. Any surplus remaining with the Market Committee after such expenditure has been met, shall be invested in such manner as may be prescribed.
- 2) Any money received by the Market Committee by way of arbitration fee or as security for costs in arbitration proceedings relating to disputes or any money received by the committee by way of security deposit, contribution to provident fund or for payment in respect of any notified agricultural produce, or charges payable to Weighmen, hammaal and other functionaries and such other money received by the Market Committee as may be provided in the Rules or Bye-laws shall not form part of Market Committee fund, and shall be kept in such manner as may be prescribed.
- 3) Save as otherwise provided in this Act, the amount to the credit of the Market Committee fund and also other money received by the Market Committee shall be kept in a scheduled co-operative bank or in nationalized bank or in post office saving bank or in any other mode with the approval of the Managing Director.
- Application of Market Committee fund.
59. Subject to the provisions of section 58 the Market Committee fund may be expended for the following purposes only :
- i) the acquisition of a site or sites for the market.
 - ii) the establishment, maintenance and improvement of the market yard.
 - iii) the construction and repairs of building necessary for the purpose of the market yard and for convenience or safety of the persons using the market yard;
 - iv) the maintenance of standard weights and measures;
 - v) the meeting of establishment charges including payment and contribution towards provident fund, pension and gratuity of the officers and servants employed by a Market Committee ;
 - vi) loans and advance to the employees of the Market Committee.
 - vii) the payment of interest on the loans that may be raised for the purpose of the market and provisions of sinking fund in respect of such loans;
 - viii) the collection and dissemination of information relating to crop statistics and marketing of agricultural produce;
 - ix) expenses incurred in auditing the account of the Market Committee;
 - x) payment of honorarium to Chairman, travelling allowance of Chairman, Vice-Chairman and other members of the Market Committee and sitting fees payable to member or attending for meeting.

- xi) contribution to State Agricultural Marketing Board as prescribed;
- xii) contribution to any scheme for development of agricultural marketing including transport;
- xiii) to provide facilities like grading, standardization and quality certification services and communication to agriculturist in the market area;
- xiv) to provide for development of agricultural produce in the market area;
- xv) payment of expenses on elections under this Act.
- xvi) incurring of all expenses for research, extension and training in marketing of agricultural produce;
- xvii) prevention, in conjunction with other agencies, State, Central and others of distress sale of agricultural produce;
- xviii) fostering co-operative marketing and assisting co-operative marketing Societies in the procurement and organization of profitable disposal of produce particularly the produce belonging to small and marginal farmers.
- xix) to create and promote on its own or through public private partnership infrastructure of post harvest handling of Agricultural produce, cold storages, pre-cooling facilities, pack houses and all such infrastructure to develop modern market systems.
- xx) any other purpose connected with the marketing of agricultural produce under this Act whereon the expenditure of the Market Committee fund is in the public interest subject to the prior sanction of the Managing Director.

CHAPTER – X

STATE AGRICULTURAL MARKETING BOARD

CONSTITUTION FUNCTIONS AND POWERS

60. The State Government may, for coordinating the activities of Markets and for development, promotion and regulation of agricultural marketing exercising such other powers amid performing such functions as are conferred or entrusted by or under this Act, establish and constitute a State Agricultural Marketing Board.
61. The Board shall be a body corporate having perpetual succession and common seal and may sue and be sued in its corporate name and shall be competent to acquire and hold property both movable and immovable and to lease, sale or otherwise transfer any such property amid to contract and to do all other things necessary for the purpose for which it is established.
62. The Board shall consist of a Chairman and such other members as may be appointed by the State Government.
63. The members of the board shall be appointed by the State Government from amongst the following categories of persons, namely –
1. There shall be a Chairman of the State Agricultural Marketing Board who will be -
Minister in-charge Trade & Commerce Ex-officio
 2. Upto eight members to be nominated from amongst the Chairmen of Market Committees.
 3. Other ex-officio members will be as follows :
 - i) Secretary, Trade & Commerce
 - ii) Secretary, Agriculture Department
 - iii) Secretary, Horticulture Department
 - iv) Secretary, Cooperation Department
 - v) Secretary, Sericulture Department
 - vi) Secretary, Animal Husbandry & Veterinary Department
 - vii) Secretary, Fishery Department
 - viii) Secretary, Environment and Forest
 - ix) Secretary, Industry Department
 - x) Agricultural Marketing Advisor to the Government of India or his nominee.
 - xi) Representative of the National Bank for Agriculture and Rural Development not below the rank of Deputy General Manager.
 - xii) Registrar of Co-operative Societies.
 - xiii) Managing Director of State Agricultural Marketing Board.

64. 1) The Director of Trade & Commerce will be the Managing Director of the Board and he shall be the Chief Executive Officer of the Board.
 2) The Managing Director appointed under sub-section (1) shall also function as the ex-officio Secretary of the Board.
 3) The Board may appoint other officers and employees as may be necessary for the efficient discharge of its duties and functions under the Act.
 4) The superintendence and control over all the officers and employees of the Board shall vest in the Managing Director.
65. The term of office of the non official members of the board shall be for five years. The State Government may, if it thinks fit, remove any member of the Board before the expiry of his term of office.
66. i) The tenure of an official member of the board shall come to an end as soon as he ceases to hold the office by virtue of which he was nominated.
 ii) In the event of supersession of the Market Committee from where the member/members have been nominated on the Board, the concerned member shall cease to be a member of the Board.
67. The members of the Board other than ex-officio member shall be paid from the State Marketing Development Fund such sitting fees and allowance for attending its meetings and for attending to any other work as may be fixed by the State Government from time to time.
68. In the event of death or resignation or disqualification or removal of any member of the Board or any vacancy occurred otherwise before the expiry of his term of office, a casual vacancy shall be deemed to have occurred in such office and such vacancy shall be filled, as soon as may be, by nomination by the State Government. The person so nominated shall hold such office for the un-expired term of his predecessor.
69. A member of the Board may resign membership by tendering his resignation to the State Government under intimation to the Chairman of the Board and the seat of such members shall become vacant on the date of acceptance of his resignation.
70. No person shall be a member of the Board who,
 a) is, or at any time has been, adjudged insolvent; or
 b) is, or has been convicted of an offence which, in the opinion of the State Government involves moral turpitude; or

- c) is of unsound mind and stands so declared by the competent Court; or
- d) is a Director or a Secretary, Manager or other salaried officer or employee of any company or firm having any contract with the Board or a Market Committee; or
- e) is, or at any time been, found guilty under Section 87 or 99;
- f) has so abused, in the opinion of the State Government, his position as a member, as to render his continuance on the Board detrimental to the interest of the general public.
71. The Board may appoint sub-committees consisting of three or more of its members which shall include Chairman and the Managing Director, for the performance of any of its duties or functions or for giving advice on any matter incidental thereto and may delegate to such sub-committee any of its duties or functions as may be deemed necessary.
72. The State Government shall exercise superintendence and control over the Board and its officers and may call for such information as it may deem necessary and, in the event of its being satisfied that the Board is not functioning properly, it may suspend the Board and, till such time as a new Board is constituted, make such arrangements for the exercise of the functions of the Board as it may think fit.
- Provided that the Board shall be reconstituted within six months from the date of its suspension.
73. (1) The Board shall, subject to the provisions of this Act, perform the following functions and shall have power to do such thing as may be necessary or expedient or carrying out these functions :
- i) Coordination of the working of the Market Committees and other affairs thereof including programs undertaken by such Market Committees for the development of markets and market areas;
 - ii) undertake the State level planning of the development of Agricultural Produce Markets;
 - iii) Administer the State Market Development Fund;
 - iv) giving direction to Market Committees in general or any Market Committee in particular with a view to ensure improvement thereof;
 - v) Any other functions specifically entrusted to it by this Act;
 - vi) such other functions of like nature as may be entrusted to the Board by the State Government.
- (2) Without prejudice to the generality of the foregoing provision such functions of the Board shall include :-
- i) to approve proposals for selection of new sites by the Market Committees for establishment of principal or sub-market yard;

- ii) to approve proposal for constructing infrastructure facilities in the market area;
- iii) to supervise and guide the Market Committee in the preparation of plans and estimates of construction programme undertaken by the Market Committee;
- iv) to execute all works chargeable to the Board's fund;
- v) to maintain accounts in such form as may be prescribed and get the same audited in such manner as may be laid down in the regulation of the Board;
- vi) to publish annually at the close of the year its progress report, balance sheet and statement of assets and liabilities and send copies thereof to each member of the Board and the State Government;
- vii) to set up separate Marketing Extension cell in the Marketing Board for transfer of marketing technology and extension services. Marketing Board may also make necessary arrangement for propaganda and publicity on matters related to regulated marketing of an agricultural produce and development of marketing;
- viii) to provide facilities for the training of officers and staff of the Market Committees after assessing the demand for trained personnel in Agricultural Marketing at all levels.
- ix) to prepare and adopt budget for the ensuing year;
- x) to grant subventions on loans to Market Committees for the purposes of this Act on such terms and conditions as the Board may determine.
- xi) arrange or organize seminars / workshops / exhibitions etc. on subject related to agricultural marketing;
- xii) to do such other things as may be of general interest to Market Committees or considered necessary for the efficient functioning of the Board.
- xiii) organize and promote grading and standardization of notified agricultural produce;
- xiv) arrange for collection of such Agricultural produce in the market area in which all trade therein is to be carried out exclusively by the State Government or under any law in force for that purpose or of such agricultural produce in the market area as the State Government may from time to time notify;

- 3) Marketing Board for the purpose of promotion of grading, standardization and quality certification of agricultural produce in the state shall set up Agricultural Produce Marketing Standards Bureau to perform such functions & duties as prescribed.
74. 1) The Board may with the previous approval of the State Government make regulations, not inconsistent with this Act and Rules made thereunder for the administration of the affairs of the Board.
- 2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters.
- a) Summoning and holding of meetings of the Board, the time and date when such meetings are to be held, the conduct of business at such meetings and the number of persons necessary to form a quorum thereof;
 - b) powers and duties of the officers and other employees of the Board;
 - c) salaries and allowances and other conditions of service of officers of the Market Committees;
 - d) management of the property of the Board;
 - e) execution of contracts and assurances of property on behalf of the Board;
 - f) maintenance of accounts and the preparation of balance sheet by the Board ;
 - g) Procedure for carrying out the functions of the Board under this Act;
 - h) other matter for which provision is to be or may be made in regulation.
75. All money received by or on behalf of the Board shall be credited to a fund called Market Development Fund.
76. All payments incurred by the Board shall be defrayed out of the said Fund.
77. Every Market Committee shall, out of its Funds, pay to the Board as contribution such percentage of its income derived from licence fees and market fees as may be prescribed by the State Government by notification in the official gazette, to meet the expenses of establishment of the Board and expenses incurred in execution of the functions assigned to the Board under this Act.

- Borrowing by
Issue of bonds
or stocks
78. The Board may, for carrying out the provisions of this Act, borrow money from the State Government or with the previous approval of the State Government, borrow money
- i) from any other agency; or
 - ii) issue debentures on the authority of any property vested in it or on the security of a part of its future income accruing to it under this Act, or the rules made there under.
- Utilization of
Market
Development
Fund
79. The Market Development Fund shall be utilized by the Board either on its own or through public private partnership for discharge of functions entrusted to the Board under this Act. Without prejudice to generality of this provision, the Market Development Fund may be utilized for the following purposes, namely:
- i) Payment of administrative expenditure of the Board;
 - ii) payment of traveling and other allowance to the Chairman and Members of the Board;
 - iii) payment of legal expenses incurred by the Board;
 - iv) granting aid to financially weak Market Committees in the form of loan or grant for development proposes.
 - v) Propaganda and publicity on matters relating to marketing of Agricultural Produce.
 - vi) Training of the officers and staff of the Market Committees and Board and also to agriculturists.
 - vii) Imparting education in marketing of agricultural produce.
 - viii) Organizing and arranging workshops, seminars, exhibition etc., on development of marketing.
 - ix) Promotion and construction of infrastructural facilities in the market area.
 - x) General improvement of the regulation of marketing in the State.
 - xi) Providing technical assistance to the Market Committees.
 - xii) For any other purposes, deemed necessary for execution of the functions assigned to the Board under this Act or as directed by the State Government.
 - xiii) Market survey and Research, grading and standardization, quality certification of agricultural produce and other allied subjects.
 - xiv) Acquisition or constructions or hiring by lease or otherwise of buildings or land for performing the duties of the Board.
 - xv) Internal audit of the Board and the Market Committees.
 - xvi) Development of "Haat Bazars" for Marketing of agricultural production in the market areas.
 - xvii) Development of quality testing and communication infrastructure relevant to agriculture and allied sectors.
 - xviii) Development of media, cyber and long distance infrastructure relevant to marketing of agricultural and allied commodities.

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| Audit of accounts of the Board. | 80. | <ol style="list-style-type: none"> 1) The annual accounts of the Board shall be subject to audit under the State Local Fund Audit Act or by a certified Chartered Accountant. 2) The Board may make arrangement for internal audit of accounts, as it may deem fit. 3) the annual accounts and balance sheet of the Board shall be prepared by the Managing Director and all moneys accruing to or received by the Board from whatever source and all amounts disbursed or paid shall be entered in the accounts. 4) At the time of audit the Managing Director shall cause to be produced all accounts, registers, documents and other relevant papers which may be called for by the audit officer for the purposes of the audit. Any explanation called for by such officer for the removal of any discrepancy shall be immediately furnished to him. 5) The accounts when audited shall be printed. The copies of accounts and audit report with comments thereon shall be placed before the Board. 6) All moneys received into the 'The State Market Development Fund' shall be deposited in a cooperative Bank or if such bank does not exist at the headquarter of the Board in Post Office Saving Bank or with the permission of Managing Director in Scheduled Bank. |
| Delegation of powers | 81. | <ol style="list-style-type: none"> (i) Subject to the provisions of this Act, the Board may by general or special order, delegate to the Managing Director/Member Secretary or sub-committee appointed by it or to any officer of the Board such of the powers and duties under the Act, as it may deem fit. (ii) Chairman or Secretary of the Board may delegate his power under this Act to any officer of the Board. |
| Supervision and control of the Chairman/ Chief Executive. | 82. | <ol style="list-style-type: none"> (i) Chairman of the Board shall preside over the meeting. (ii) Subject to the superintendence of the Board, the general control and direction over all the officers and staff of the Board shall be vested with the Chief Executive. |
| Functions & Powers of the Managing Director | 83. | <p>The Managing Director shall</p> <ol style="list-style-type: none"> (i) exercise supervision and control over officers and staff of the Board in matters of executive administration concerning accounts and records and disposal of all questions relating to the service of the employees as per procedure prescribed; (ii) appoint officers and staff of the Marketing board as per direction and procedure prescribed by the Board; |

- (iii) incur expenditure from the Market Development Fund on the sanctioned items of work;
 - (iv) in case of emergency, direct the execution or stoppage of any work and doing of any act which requires the sanction of the Board;
 - (v) prepare annual budget of the Board;
 - (vi) arrange for internal audit of the Board;
 - (vii) arrange for the meetings of the Board and maintain records of the proceedings of the meetings of the Board as per procedure prescribed;
 - (viii) take such steps as deemed necessary for execution of the decision of the Board;
 - (ix) inspect the construction work undertaken by the Market Committees either from their own funds or loans and or grants provided by the Board or any other agencies and take corrective measures,
 - (x) report such acts either of the Market Committees or of the Board which are contrary to the provisions laid down under this Act or rules and bye-laws made thereof to the Government;
 - (xi) take such steps as deemed necessary for effective discharge of the functions of the Board.
- 84 (1) The Board shall meet for the transaction of its business at least once in every three months at such a place and at such times as the Chairman may determine.
- Conduct of business of the Board.
- (2) save as otherwise provided in sub-section (1) the provisions of chapter IV shall mutatis apply for the conduct of the business of the Board.
- (3) All proceedings of the Board shall be authenticated by the signature of the Chairman, Member Secretary/Managing Director and all other instruments issued by the Board shall be authenticated by the Signature of the Chairman, Managing Director or such other Officer of the Board as may be authorized in this behalf by regulation.
- (4) The Board shall conduct the business in a manner prescribed under the rule.
- 85 (1) Subject to the provisions of this Act, the Managing Director may perform such functions other than those prescribed for the Board under this Act, which would enable proper execution of the provisions of this Act. The State Government may delegate any or all the powers vested in it under this Act and Rules made thereunder to the Managing Director.
- Powers and function of Managing Director of the Marketing Board.

- (2) In particular and without prejudice to the generality of the provisions of the Section 89, the functions of the Managing Director of the Marketing Board may include :
- i) Supervisions on the Market Committees for effective execution of provisions of the Act relating to transaction of agricultural commodities taking place on the market yard;
 - ii) launch prosecution for contravening provision to the Act and rules made thereof ;
 - iii) suggest amendment to the Act and rules framed thereof for effective execution of the objective of the Act;
 - iv) approval of Bye-laws framed by the Market Committee under this Act and Rules formulated thereof.
 - v) Conduct audit of account of the Market Committee;
 - vi) Grading and standardizations of agricultural produce;
 - vii) approval of the budget of the market committee;
 - viii) accord sanction to the creation of posts of officer and staff of the Market Committee;
 - ix) appointment and transfer of the members of the State Agricultural Marketing Services and act as the cadre controlling authority for the personnel of the State Agricultural Marketing Services;
 - x) take steps for timely and proper conduct of the election of the Market Committees, and the Chairman and Vice Chairman of Market Committees;
 - xi) acceptance of resignation of the Chairman of the Market Committee;
 - xii) prefer an appeal from any person aggrieved by an order of the Market Committee;
 - xiii) approval of the resolution passed by Market Committee;
 - xiv) removal of Chairman/Vice Chairman or member/members of the Market Committee;
 - xv) inspect or cause to be inspected accounts and offices of the Market Committee;

Powers of
Chairman of
Board.

86.

The Chairman of the Board shall exercise such powers as may be prescribed.

CHAPTER - XI

PENALTY

Penalty for Contravention of act, rules and bye laws

87. 1) Any person who contravenes any provisions of this Act, or of any Rule or Bye-laws or order issued thereunder shall be punishable with simple imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

Provided that in the case of a continuing contravention of the provisions of section 41, he shall be liable to be punished with a further fine which may extend to one hundred rupees for every day during which the contravention is continued after the first conviction.

Recovery of market dues

88. Whenever any person is convicted of any offence punishable under this Act, the Magistrate shall in addition to any fine which may be imposed, recover summarily and pay over to the Market Committee the amount of fees or any other amount due from him under this Act or Rules or Bye-laws made thereunder and may, in his discretion, also recover and pay over to the Market Committee costs of the prosecution.

Cognizance of offences

89. (1) No court shall take cognizance of any offence punishable under this Act or any Rules or any Bye-laws made there under except on the complaint made by the Collector or the Chairman, Vice-Chairman, Chief Executive Officer of the Market Committee or of any person duly authorized by the Market Committee in this behalf.

CHAPTER – XII

CONTROL

- Inspection of
Markets and
Inquiry into the
affairs of
Market Committee
90. (1) The Managing Director may :-
- a) inspect or cause to be inspected the account and offices of Market Committee;
 - b) hold enquiry into the affairs of a Market Committee;
 - c) call from a Market Committee return, statement of accounts or reports which he may think fit to require such committee to furnish;
 - d) require a Market Committee to take into consideration;
 - i) any objection on the ground of illegality, inexpediency or impropriety which appears to him to exist to the doing of anything which is about to be done or is being done by or on behalf of such committee; or
 - ii) any information he is able to furnish and which appears, to him to necessitate the doing of a certain thing by such committee;
 - e) direct that anything which is about to be done or is being done should not be done, pending consideration of the reply, and anything which should be done but is not being done should be done within such time as he may direct.
- (2) When the affairs of a Market Committee are investigated under this section or the proceedings of any Market Committee are examined by the Managing Director under section 97, the Chairman, Vice-Chairman, Secretary and all other officers and servants and members of such committee shall furnish such information in their possession in regard to the affairs or proceedings of the Market Committee as the Managing Director, or the officers authorized as the case may be, may require.
- (3) An officer investigating the affairs of a Market Committee under sub-section (1) or the State Government examining the proceeding of any Market Committee under Section 98 shall have the power to summon and enforce the attendance of officers or members of the Market Committee and to compel them to give evidence and to produce documents by the same means and as far as possible in the same manner as is provided in the case of a Civil Court by the Code of Civil Procedure 1973.

Where the Managing Director has reason to believe that the books and records of a Market Committee are likely to be tampered with or destroyed or the funds or

property of a Market Committee are likely to be misappropriated or misapplied, the Managing Director may issue order directing a person duly authorized by him in writing to seize and take possession of such books and records, funds and property of the Market Committee and the officer or officers of the Market Committee responsible for the custody of such books, records, funds and property shall give delivery thereof to the persons so authorized.

- Powers to remove a member of the Market Committee
91. (1) The Managing Director may remove a member, Chairman or Vice - Chairman of the Committee when he is of the opinion that he :-
- a) has been guilty for misconduct or gross negligence of duty as member, Chairman, or Vice-Chairman.
 - b) ceases to hold the qualifications necessary for his being a member, Chairman or Vice-Chairman.
- (2) No order of removal under sub-section (1) shall be passed unless the person concerned has been given reasonable opportunity of submitting an explanation in respect of the allegations against him.
- (3) The Managing Director may suspend any member or Chairman or Vice-Chairman of a Market Committee, who has been served with the notice under sub-section (1) or sub-section (2) as the case may be, and against whom any complaints have been received or who commits irregularities after the service of such notice, for period from the date of receipt of complaint or the date of noticing of irregularities by Managing Director till the final decision is taken in his case.

- Supersession of the Market committee
92. Where the Managing Director is of the opinion that the Market Committee has failed in the performance of its functions or discharge of its duties or has exceeded or abused the powers conferred on it by or under this Act, it may, by notification in the Official Gazette, supersede the Market Committees.

Provided that no order of supersession shall be passed unless the Managing Director has afforded reasonable opportunity to the Market Committee of submitting a written explanation in respect of the allegations against it.

- Consequence of supersession of Market Committee
93. Upon publication of the notification superseding a Market Committee under Section 92, the following consequences shall ensue :-

- i) all the members including the Chairman, Vice-Chairman of the Market Committee shall, as from the date of publication of the notification, be deemed to have vacated their offices;
- ii) the Managing Director shall direct that steps be taken for constitution of a new Market Committee under Section 14 and till such time a new Market Committee under Section 14 is constituted as aforesaid, the Managing Director shall make such arrangements for carrying out the functions of the Market Committee as it may deem fit for the period not exceeding six months and may, for that purpose, direct that all the functions, powers and duties of the Market Committee and its Chairman, under this Act, shall be performed, exercised and discharged by such person or authority as the Managing Director may appoint in this behalf and such person or authority shall be deemed to be the Market Committee or Chairman, as the case may be.
94. Where the State Government is of the opinion that the Board has failed in the performance of its functions or discharge of its duties or has exceeded or abused the powers conferred on it by or under this Act, it may, by notification in the Official Gazette, supersede the State Agricultural Marketing Board.
- Supersession of the Board
- Provided that no order of supersession shall be passed unless the Government has afforded reasonable opportunity to the Board of submitting a written explanation in respect of the allegations against it.
95. Upon publication of the notification superseding a Board under Section 94, the following consequences shall ensure :-
- Consequence of Supersession of Board
- i) all the members including the Chairman, Vice-Chairman of the Board shall, as from the date of publication of the notification, in the Official Gazette be deemed to have vacated their offices;
- ii) The State Government shall direct that steps be taken for constitution of a new Board under this Act and till such time a new Board under Section 62 is constituted as aforesaid, the State Government shall make such arrangements for carrying out the functions of the Board as it may deem fit for the period not exceeding six months and may, for that purpose, direct that all the functions, powers and duties of the Board and its Chairman, under this Act, shall be performed, exercised and discharged by such person or authority as the State Government, may appoint in this behalf and such person or authority shall be deemed to be the Board or Chairman, as the case may be.

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| <p>Power of Managing Director to direct Market Committee for Amending Bye-laws.</p> | <p>96.</p> | <p>(1) If it appears to the Managing Director that it is necessary or expedient in the interest of a market or Market Committee to make any Bye-laws or to amend any Bye-law, he may, by order, require the Market Committee concerned to make the Bye-law or the amendment of the Bye-law within such time as he may specify in such order</p> <p>(2) If the Market Committee fails to make such Bye-laws such amendment of the Bye - laws within the time specified, the Managing Director may, after giving the Market Committee a reasonable opportunity of being heard by an order make such Bye-law or such amendment of the Bye-law and thereupon subject to any order under sub-section 3, such Bye-law or such amendment or the Bye-law shall be deemed to have been made or amended by the Market Committee in accordance with the provision of this Act or the Rules made thereunder and thereupon such Bye-law or amendment shall be binding on the Market Committee.</p> <p>(3) An appeal shall lie to the State Government from any order of the Managing Director under sub-section (2) within thirty days from the date of such order and decision of the State Government on such appeal shall be final.</p> |
| <p>Power of the Managing Director to prohibit execution or further execution of resolution passed or order made by the Market Committee</p> | <p>97.</p> | <p>(1) The Managing Director may, of its own motion or on report or complaints received, by order, prohibit the execution or further execution, of a resolution passed or order made by the Committee or its Chairman or any of its officers or servants, if it is of the opinion that such resolution or order is prejudicial to the public interest, or is likely to hinder efficient running of the business in any Market area, principal market yards or sub-market yard or is against the provisions of this Act or the Rules or Bye-laws made thereunder.</p> <p>(2) Where the execution or further execution of a resolution or order is prohibited by an order made under sub-section (1) and continuing in force, it shall be the duty of the committee, if so required by the Managing Director, to take such action which the committee would have been entitled to take if the resolution or order had never been made or passed and which is necessary for preventing the Chairman or any of its officers or servants from doing or continuing to do anything under the resolution or order.</p> |
| <p>Power to call for and proceedings of Market Committee and Managing Director</p> | <p>98.</p> | <p>1) The Managing Director may, on his own motion, or on an application made to him, call for and examine the proceeding of any Market Committee and the State Government may of its own motion or on an application made to it, call for and examine the proceedings of the Managing Director, for the purpose of satisfying himself or itself as the case may be, as to the legality or propriety</p> |

of any decision taken or order passed and as to the regularity of the proceedings of the committee or the Managing Director, as the case may be. If in any case, it appears to the Managing Director or the State Government that any such decision or order or proceeding so called for should be modified, annulled, reversed, or remitted for reconsideration he or it may pass such order thereon as he or it may deem fit:

Provided that every application to the State Government for the exercise of the powers under this section shall be preferred within sixty days from the date on which the decision or order to which the application relates was communicated to the applicant:

Provided further that no such order shall be passed under sub-section (1) without giving a reasonable opportunity of being heard to the parties affected thereby.

- (2) The State Government, may suspend the execution of the decision taken or order passed by the Market Committee/Managing Director, pending the exercise of its powers under sub-section (1).

Liability of
Chairman, Vice-
Chairman, members
and employees for
loss, waste or
misappropriation etc.

99. (1) If in the course of enquiry or inspection under Section 90 or in the course of audit under this Act, it is found that any person who is or was entrusted with the management of Market Committee or any deceased, past or present Chairman, Vice - Chairman, Member, Officer-in-charge of Market Committee, Chief Executive Officer or any other officer or employee of Market Committee or an officer of the State Government has made or directed by assenting or concurring or participating in any affirmative vote or proceeding related thereto, any payment or application of any money or other property belonging to, or under the control of such committee to any purpose contrary to the provision of this Act or Rules or Bye-laws made thereunder or has caused any deficiency or loss by gross negligence or misconduct or has misappropriated or fraudulently retained any money or other property belonging to Market committee, the Managing Director may, on his own motion or on the application of the Market Committee, enquire by himself or direct any officer subordinate to him by an order in writing in this behalf to enquire into the conduct of such person within two years of the date of report of audit , enquiry or inspection as the case may be.
- (2) If on enquiry made under Sub-section (1), the Managing Director is satisfied that there are good grounds for an order under this Sub-section, he may make an order requiring such person, or in the case of a deceased person, his legal representative who inherits his estate, to repay or

restore the money or property and any part thereof, with interest at such rate, or to pay contribution and costs or compensation to such extent as the Managing Director may consider just and equitable. Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard in the matter. Provided further that the liability of the legal representative of the deceased shall be to the extent of the property of the deceased which is inherited by such legal representative.

- (3) Any person aggrieved by an order made under sub-section (2) may, within thirty days from the date of the communication of the order to him appeal to the state Government and the order of the State Government shall be final and conclusive. Provided that in computing the period of limitation the time required for obtaining a copy of the order appealed against shall be excluded.
- (4) No order passed under Sub-section (2) or Sub-section (3) shall be called in question in any court of Law.
- (5) Any order made under sub-section (2) or Sub-section (3) shall, on the application of the Managing Director, be enforced by any Civil Court having local jurisdiction in the same manner as if it were a decree of such court, or any sum directed to be paid by such order may be recovered as arrears of land revenue.
- (6) If the Managing Director is satisfied on affidavit, enquiry or other wise that any person with intention to delay or obstruct the enforcement or any order that may be passed against him under this Section, is about to dispose of the whole or any part of his property, or is about to remove the whole or any part of his property from the state, he may, unless adequate security is furnished, direct, the conditional attachments of the said property or such part thereof as he thinks necessary and such attachment shall have the same effect as it may by a competent Civil Court.

Power of the
State Government
to Amendment
Schedule

100. The State Government may, by notification, add to or amend or delete any of the items of agricultural produce specified in the schedule and thereupon the schedule shall be deemed to have been amended accordingly. Provided that no notification shall be issued under this section without giving in the gazette previous notice of not less than 45 days as the State Government may consider reasonable of its intention to issue such notification.

Power of the
State Govern-
ment to give
direction

101. (1) The State Government may give direction to the Board and Market Committees.
- (2) The Board and the Market Committees shall be bound to comply with directions issued by the State Government under sub-section (1)

- Recovery of sums due to Board/Market Committee
102. Any sum due to a Market Committee or the Board on account of any charge, costs, expenses, fees, rent, and any other account under the provision of this Act or any Rule or Bye-laws made thereunder shall be recoverable in the same manner as arrears of land revenue.
- Chairman, Vice Chairman, Members, Officers and Servants etc of Market Committee and Board to be public servants
103. The Chairman, Vice Chairman, Member, Secretary, other officers and Servants of the Market Committee and the Chairman, Vice Chairman, the members, the officers and the other servants of the Boards shall be deemed to be public servants within the meaning of Section 21 of the Indian Penal Code, 1860, (No. 45 of 1860).
- Delegation of Power
104. (1) The State Government may delegate to the Board or any officer of the State Government not below the rank of Director any of the powers conferred on it by or under the Act other than the powers to make rules under Section 109.
- (2) The Managing Director may delegate any of his powers to any officer of the State Government not below the rank of officer of Group B cadre.
- Bar to civil suit and Protection to person acting in good faith
105. No suit, prosecution or legal proceedings in respect of any thing done in good faith or intended to be done under this Act or Rule or Bye-laws made thereunder, shall lie against the Managing Director or officer of the State Government or against the Board or any Market Committee or against any officers or servants of the Board or any Market Committee or against any person acting under and in accordance with the direction of the Managing Director, such officer or such committee.
- Bar to suit in absence of notice
106. Notwithstanding anything contained in any section of this Act, no suit shall be instituted against the board or any market committee, until the expiration of two months after notice in writing stating the cause of action, and name and place of abode of the intending plaintiff, and the relief which he claims has been delivered or left at its office. Every such suit shall be dismissed unless it is instituted within six months from the date of the accrual of alleged cause or action.
- Duty of Local Authority to give information and assistance
107. It shall be the duty of every Local Authority to give all the necessary information in the possessions of or under the control of its officers to the Market Committee or its officers authorized in that behalf, relating to the movement of notified agricultural produce into and out of the area of the Local Authority, free of any charges.
- It shall also be the duty of every Local authority and its officers and staff concerned with the collection of octroi to give all the possible assistance to any officer of the Market Committee in exercising his powers and discharging his duties under this Act.

- Act not to be invalidated by informality, vacancy etc.
108. No act done or proceeding taken under this Act by the Board, by a Market Committee or a sub committee appointed by the Board shall be invalidated merely on the ground of-
- a) any vacancy or defect in the constitution of Board or sub-committee; or
 - b) any defect or irregularity in the appointment of a person acting as a member thereof; or
 - c) any defect or irregularity in such act or proceeding, not affecting the substance.

CHAPTER – XIII
RULES AND BYE-LAWS

Power to
make Rules

109. (1) The State Government may, after publication of this Act, make Rules for carrying out the purposes of this Act.
- (2) In particular and without prejudice to the generality of the foregoing power, such Rules may provide for –
- i) other manners of publication of notification under Section 3 (1);
 - ii) fixation of quantity of sale under clause (39) of Section (2);
 - iii)
 - a) qualifications which the representatives of agriculturists shall possess under Section 14 (i);
 - b) qualifications which the representatives of trader shall possess under Section 14 (ii);
 - c) authority which shall conduct elections, determination of constituencies, preparation and maintenance of list of voters, disqualifications for being chosen as or for being a member, the right to vote, the payment of deposit and its forfeiture, the election offences, the determination of election disputes and all matters ancillary thereto under Section 14(3).
 - iv) the powers to be exercised and the duties to be performed by the Market Committee and its Chairman and Vice-Chairman;
 - v)
 - a) the procedure and quorum at a meeting of Market Committee and
 - b) the form in which account of purchases and processing of agricultural produce to be maintained.
 - vi) *the management of market, the procedure for recovery of market fees, fine for evasion of market fees and manner for assessment of market fees in default of furnishing return;*
 - vii) classification of market functionaries for grant of licences, regulation of licences under this Act, the persons required to take out licence, the forms in which and terms and conditions subject to which such licences shall be issued or renewed;
 - viii) the provisions for the persons by which and the forms in which copies of documents and entries in the books of the Market Committee may be certified and the charge to be levied for the supply of such copies.
 - ix) the kind and description of weights and measures and the weighing and measuring instruments which

shall be used in the transactions in the notified agricultural produce in a market yard;

- x) the periodical inspection of all weights and measures and the weighing and measuring instruments in use in a market yard;
- xi) the trade allowance which may be made or received by any person in any transaction in the notified agricultural produce in a market yard;
- xii) facilities for the settlement of any dispute between a buyer and a seller of notified agricultural produce or their agents including disputes regarding the quality or weight of the articles, payment in respect of the price of goods sold and the allowance for wrapping containers, dirt or impurities or deductions for any cause by mediation, arbitration or otherwise;
- xiii) the provision of accommodation for storing any agricultural produce brought into the market;
- xiv) the preparation of plans and estimates for works proposed to be constructed partly or wholly at the expense of the Market Committee and the grant of sanction to such plans and estimate;
- xv) the form in which the accounts of a Market Committee shall be kept, the audit and publication of such audit and the inspection of audit memoranda of the account and supply of such memoranda;
- xvi) the preparation and submission for sanction of the annual budget and the report and returns to be furnished by a Market Committee;
- xvii) the time during which and the manner in which a trader or commission agent shall furnish such returns to a Market Committee as may be required by it;
- xviii) the regulation of advance, if any given to agriculturists by commission agents or traders;
- xix) the grading and Standardization of the agricultural produce;
- xx) the keeping of records of arrivals and prices of agricultural produce;
- xxi) the manner in which auctions of agricultural produce shall be conducted and bids made and accepted in a market;
- xxii) the recovery and disposal of fees leviable by or under this Act;
- xxiii) compounding of offences and fixing compensation thereof under this Act or Rules or Bye-laws made there under;
- xxiv) manner of constitution of State Agricultural Marketing services;

- xxv) recruitment, qualification, appointment, promotion, scale of pay, leave, leave allowance, acting allowance, loans, pension, gratuity, annuity compassionate fund, dismissal, removal, condition departmental punishment, appeals and other service conditions of the members of the State Agriculture Marketing service;
 - xxvi) limit of expenditure which may be incurred in reception of distinguished guests;
 - xxvii) limits of honorarium to Chairman, traveling allowances to members and sitting fees payable to members for attending the meetings;
 - xxviii) manner of investment of surplus in the Market Committee Fund;
 - xxix) procedure for framing of Bye-laws, the amendments or cancellation and for their previous and final publication;
 - xxx) classification of Market Committees on the basis of annual income for all or any of the purposes of this Act;
 - xxxi) term of the office of the Chairman, Vice-Chairman and members of the Board;
 - xxxii) the powers to be exercised by the Chairman and Vice-Chairman and the Chief Executive of the Board;
 - xxxiii) all matters required to be prescribed by Rules under this Act;
 - xxxiv) mode of service of notice under this Act;
 - xxxv) generally for the guidance of Market Committee.
- (3) In making any Rule, the State Government may direct that breach thereof shall be punishable with fine which may extend to two hundred rupees.
- (4) Every Rule made under this Act shall be laid on the table of the Legislative Assembly.
110. (1) Subject to the provisions of this Act and the Rules made thereunder, a Market Committee may, in respect of a marketing area under its management, make Bye-laws for
- i) the regulation of business of the Market Committee;
 - ii) the condition of trading in a market;
 - iii) delegation of powers, duties and functions to the officers and servants, appointment; pay, punishment, pensions, gratuities, leave, leave allowances, contributions by them to any provident fund which may be established for the benefit of such officers and servants and other conditions of service;

Power to
Make Bye-law

- i) the delegation of powers, duties and functions to a sub-committee, if any;
 - ii) market functionaries who shall be required to take licence;
 - iii) any other matters for which Bye-laws are to be made under this Act or it may be necessary to frame Bye-laws for effectively implementing the provisions of this Act and the Rules made thereunder in the market area.
- (2) No Bye-laws under Sub-section (1) shall take effect until it has been confirmed by the Managing Director.
- (3) In making any Bye-laws the Market Committee may direct that a breach thereof shall be punishable with fine which may extend to one hundred rupees and where the breach is a continuing one with further fine which may extend to ten rupees for everyday after day during which the breach is provided to have been persisted in.

CHAPTER – XIV

REPEAL AND SAVINGS

Repeal and Savings.

111. (1) The Mizoram State Agricultural Produce Marketing (Regulation) Act 1996 is hereby repealed.
- (2) Notwithstanding such repeal -
- (i) The repeal shall not affect the previous operation of any enactment so repealed, and anything done or action taken (including any appointment, delegation or declaration made, notification, under Rule, direction or notice issued, Bye-laws framed, market area, markets, sub-markets and yards declared, established or notified, licences granted, fees levied and collected, instruments executed, any fund established or constituted) by or under the provisions of any such enactment shall in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act and shall continue in force unless and until superseded by anything done or any action taken under this Act;
- (ii) unless the State Government otherwise directs, the Market Committee referred to in clause (1) of Section 93 and the Chairman, Vice-Chairman and members thereof shall continue until the expiry of their term under the repealed Act or till a Market Committee is constituted in accordance with the provisions of this Act, whichever is earlier.
- (3) On issue of a direction under clause (ii) of Sub-section (2), the provisions of Section 92 shall apply as from the date specified in the direction as if the Market Committee stood dissolved on that date.

Power to remove difficulties.

112. State Government shall have powers to make suitable order as may be necessary to remove any difficulty arising in implementation of this Act.
- Provided that no such order shall be made after the expiry of a period of two years from the commencement of this Act.

Schedule - I

Model form for Agreement for Contract Farming

(This Model form is only intended to provide guidance in framing the agreement for contract farming. All clause of the agreement are subject to the respective explanatory notes given under "contents of a contract farming agreement")

THIS AGREEMENT is made and entered into at _____
on the _____ day of _____, 2005 between _____ age
_____ residing at _____, herein after called the party
of the First part (which expression shall unless repugnant to the context or meaning thereof mean and include his heirs, executors, administrators and assigns) or the one part, and M/s
_____ a Pvt./Public Limited Co. incorporated under the provision of Companies
Act-1956 and having its registered office at _____ herein after called the party
of the Second part (which expression shall unless repugnant to the context or meaning thereof mean and include its successors and assigns) of the other part.

WHEREAS the party of the First part is the owner/cultivator of the agricultural land bearing the following particulars.

Village	Block No.	Area in Hectare	Sub-Division	District	State	Description of the Area* - Field

- * 1. W.R.C /Bench Terrace/Permanent/Temporary - Hill-Slope Gardening/Cultivation.
2. Irrigated/Partly irrigated (___ %) /Rainfed.

AND WHEREAS, the party of the Second part is trading in agricultural produce and also providing technical know-how in respect of land preparation, nursery, fertilization, pest management, irrigation, harvesting and alike things.

AND WHEREAS, the party of the Second part is interested in the items of the agricultural produce more particularly mentioned in Schedule-I hereto annexed and at the request of the party of the Second part, party of the First part has agreed to cultivate and produce the items of agricultural produce mentioned in the schedule-I hereto annexed.

AND WHEREAS the parties hereto have agreed to reduce in writing the terms and conditions in the manner hereinafter appearing.

NOW, THESE PRESENCE WITNESSTH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS :

- Clause 1 :** The party of the First part agrees to cultivate and produce and deliver to the party of the Second part and the party of the Second part agrees to buy from the party of the first part the items of the agricultural produces particulars of the items, quality, quantity and price of the items are more particularly mentioned in the schedule hereto annexed.
- Clause 2 :** The agricultural produce particulars of which are mentioned in the schedule -I hereto will be supplied by the party of the First part to the party of the Second part within the period of _____ months/ years from the date hereof.
- OR
- It is expressly agreed between the parties hereto that this agreement is for agricultural produce particulars of which are described in schedule – I hereto and for a period of months/years and after the expiration of said period, this agreement will automatically come to an end.
- Clause 3 :** The party of the First part agrees to cultivate, produce and supply quantity mentioned in the schedule-I hereto annexed to the party of the Second part.
- Clause 4:** The party of the First part agrees to supply the quantity contracted according to the quality specifications stipulated in Schedule I. If the agricultural produce is not as per the agreed quality standards, the party of the Second part will be entitled to refuse to take the delivery of agricultural produce only on this count. Then
- a) The party of the First party shall be free to sell the produce to the party of the Second part at a mutually renegotiated price.
- OR
- b) In open market (to bulk Buyer viz. exporter/processor/manufacture etc.) and if he gets a price less than the price contracted, he will pay to the party of the Second part, for his investment proportionately less.
- OR
- c) In the market yard and if the price obtained by him is less than contracted price, then he will return proportionately less for the party of the Second investment. In the event the party of the Second part refuses/fails to take the delivery of contract produce for his own reasons then the party of the First part will be free to sell the produce in the open market and if the price received is lower than the contracted price the difference will be on account of the party of the Second part and the party of second part shall pay the said difference to the party of the First part within a period _____ days from asserting the said difference.
- Clause 5:** The party of the First part agrees to adopt instructions/practices in respect Land preparation, nursery, fertilization, pest management, irrigation, harvesting and any other as suggested by the party of the Second part form time to time and cultivate produce the items as per specifications mentioned in the schedule-I hereto.

Clause 6: It is expressly agreed by and between the parties hereto that buying will be as per the following terms and buying slips will be issued immediately after the purchase.

Date	Delivery Point	Cost of Delivery

It is further agreed that it will be the responsibility of the party of the Second part to take possession of the contracted produce at the delivery point agreed after it is offered delivery and if he fails to take delivery within _____ period then the party of the First part will be free to sell the agriculture produce contracted as under :

- a) In the open market (bulk buyer viz. exporter/processor/manufacturer etc.) and gets a price less than the price contracted, he will pay to the party of the Second part his investment proportionately less.
- b) In the market yard, and if the price obtained is less than the contracted price then he will return proportionately less to the party of the Second part for his investment. It is further agreed that the quality maintenance in transit will be the responsibility of the party of the Second part and the party of the First part shall not be responsible or liable for the same.

Clause 7: The party of the Second part shall pay to the party of the First part the price/mentioned in Schedule I when his crop has been harvested and delivered to the party of the Second part after deducting all outstanding advances given to the party of the First part by the party of the Second part. The following schedule shall be followed for the payment.

Date	Mode of Payment	Place of Payment

Clause 8: The parties hereto shall insure the contracted produce mentioned in Schedule I hereto for the period of _____ against the risk of losses due to acts of Gods destruction of specified assets, loan default and production and income loss and all other acts or events beyond the control of the parties, such as very low production caused by the serious outbreak of a disease, epidemic or by abnormal weather condition, floods, drought, hailstorm, cyclones, earthquakes, fire or other catastrophes, war, acts or Government, action existing on or after the effective date of this agreement which prevent totally or partially the fulfillment of the obligation of the farmer. Upon request, the party of the First part invoking such acts shall provide to the other party confirmation of the existence of facts. Such evidence shall consist of a statement of certificate of the appropriate Government Department. If such a statement or certificate cannot reasonably be obtained, the party of the First part claiming such acts may as substitute, thereof, make a notarial statement describing in details the facts claimed and the reasons why such a certificate or statement confirming the

existence of such facts. Alternatively, subject to the mutual agreement between the two parties, the party of the First part may fill his quota of the produce through other sources and the loss suffered by him thereby due to price difference, shall be shared equally between the parties, after taking into account the amount recovered from the insurance company, the insurance premium shall be shared equally by both the parties.

- Clause 9:** The party of the Second part hereby agrees to provide following services to the party of the First part during the period of cultivation and post harvest management, particulars of which services are as follows :
- 1.
 - 2.
 - 3.
 - 4.
- Clause 10:** The party of the Second part or its representatives agrees to have regular interactions with the farmers forum set up/named by the party of the First part during the period of contract.
- Clause 11:** The party of the Second part or its representatives at their costs shall have the right to enter the premises/fields of the party of the First part to monitor farming practices adopted and the quality of the produce from time to time.
- Clause 12:** The party of the Second part confirms that he has registered himself with the Registering Authority _____ on _____ and shall pay the fees in accordance with the law prevailing in this regard to the Registered Authority which has jurisdiction to regulate the marketing of agriculture produce which is cultivated on the land described _____.
OR The party of the Second part has registered himself on _____ with a single point registration Authority namely _____ prescribed by the State in this regard. The fees levied by the respective Registering Authority shall be borne by the party of the Second part exclusively and will not be deducted in any manner, whatsoever, from the amount paid to the party of the First part.
- Clause 13:** The party of the Second part will have no rights whatsoever as to the title, ownership, possession of the land/property of the party of the First part nor will it in any way alienate the party of the First part from the land property particularly nor mortgage, lease, sublease or transfer the land property of the First part in any way to any other person/institution during the continues of this agreement.
- Clause 14:** The party of the Second part shall submit true copy to this agreement signed by both the parties within a period of 15 days from the date of execution thereof with the _____ market committee/registering authority as required by the APMR Act/ any other registering authority prescribed for the purpose.
- Clause 15:** Dissolution, Termination/Cancellation of the Contract will be with consent of both the parties. Such dissolution or termination/cancellation deed will be communicated to the registering authority within 15 days of such dissolution, termination/cancellation.
- Clause 16:** In the event of any dispute or difference arising between the parties here to or as to the rights and obligations under this agreement or as to any claim, monetary or otherwise of one party against the other or as to the interpretation and effect of any terms and conditions of this agreement, such dispute or difference shall be referred to arbitration authority constituted for the purpose of Authority declared by State Government in this regard.

- Clause 17:** In case of change of address of any party to this agreement, it should be intimated to the other party and also the Registering Authority.
- Clause 18:** Each party hereto will act in good faith diligently and honestly with the other in the performance of their responsibilities under this agreement and nothing will be done to jeopardize the interest of the other.

In witness whereof the parties have signed this agreement on the _____ day,
_____ month and _____ year first above mentioned.

SIGNED, SEALED AND DELIVERED by the)
Within named 'PARTY OF THE FIRST PART')
In the presence of.....)
1.....)
2.....)

SIGNED, SEALED AND DELIVERED by the)
Within named 'PARTY OF THE SECOND PART')
In the presence of.....)
1.....)
2.....)

Grade, Specification, Quantity and Price Chart

Grade	Specification	Quantity	Price/Rate
Grade 1 or A	Size, Colour, Aroma etc.		
Grade 2 or B			

SCHEDULE - III**(See Section 2 (1))**

<u>Sl. No.</u>	<u>English Name</u>	<u>Vernacular Name</u>	<u>Botanical Name</u>
<u>I. Cereals</u>			
1.	Maize	Vaimim	Zea mays
2.	Paddy (Husked and unhusked)	Buhhum	Oryza Sativa
3.	Wheat	Buhsanghar	Triticum Aestivum T. Durum T. Docucum T. Spherococum
<u>II. Pulses</u>			
1.	Chick Pea	Bete	Cicer arietinum
2.	Cow Pea	Behlawi	Vigna sinensis
3.	Green Gram	Motor-Chana	Phaseolus Aurous
4.	Lentil	Dailuah	Lens esculents
5.	Mat Bean		Phaseolus Aconitifolius
6.	Peas	Bepui	Pisum sativum
7.	Pigeon Pea	Behliang	Gajanus Cajan
8.	Soyabean	Bekang	Clyeine Max
9.	Linseed	Linseed	Linum usitissimum
<u>III. Oil Seeds and Edible Oils</u>			
1.	Castor	Antam hriak nei	Ricinus Communis
2.	Coconut	Coconut	Coco nucifera
3.	Ground-nut	Badam	Arachis hypogaea
4.	Mustard (Yellow)	Antam	Grassica/Compestri Var Sarsoan
5.	Mustard (Black)	Antam	B. Compestria
6.	Sunflower	Nihawi	Helianthus annus
7.	Safflower		Carthomus Tinctorious
8.	Sesame	Chhawahchhi	Sesamum Indicum
9.	Linseed		Linum usitatissimum
10.	Tung seed	Tung rah	

IV. Vegetables

1.	Squash (Iskut)	Iskut	Metons, Chow Choe
2.	Pumpkin	Mai	Caccurnita mosohata
3.	Bottle gourd	Um ei	Legenaria Vulgaris
4.	Sponge gourd	Awmpawng	Luffa cylindrica
5.	Ridge gourd	Um rah	L. Aoutangula
6.	Bitter gourd	Changkha	Memordica Charantia
7.	Snake gourd	Berul	Trichosanthes anguica
8.	Cucumber	Fanghma	Cucumis sativus
9.	Egg plant/Brinjal	Bawkbawn	Solanum sativus
10.	Lettuce	Antam helei	Lactuca santivu
11.	Okra (Ladys finger)	Bawrhσαιabe	Abelmoscus esculentus
12.	Potato	Alu	Solunum tuberosum
13.	Radish	Buluhih	Raphanus Sativus
14.	Spinach	Palak	Spinacia Oleracea
15.	Sweet Potato	Kawlbahra	Ipomaes battatus
16.	Toro	Bal	Colocasia antiquorum
17.	Carrot	Carrot	
18.	Onion	Purunsen	Alium copa
19.	Water Melon	Dawnfawh	Cirtullus Vulgaria
20.	Cauliflower	Parbawr	Brasica Oleracia.
21.	Cabbage	Zikhlum	Variety Botritis
22.	Knolkhol	Bulbawk	Brasica Oleracia
23.	Broccoli	Parbawr hring	Variety Capitata
24.	Turnip	Buluhih	Brasica rapa
25.	French Bean		Brasica Oleracca
26.	Colocasia	Bal	Brasica rappa
27.	Tomato	Tomato	Colocasia esculentum
28.	Beans	Bean	Lycopersicum esculentum
			Phaseulus vulgaris

V. Fruits

1.	Apple	Apple	Pyrus malus
2.	Banana	Balhla	Musa paradiceaca
3.	Grape	Grape rah	Citrus pacadisi
4.	Guava	Kawlthei	Psidium quaiava
5.	Lemon	Serthlum	Citrus limon
6.	Litchi	Theifeimung	Rionotrys Japonica
7.	Mulberry	Thingtheihmu	Nitrus Alba
8.	Muskmelon	Hmazil	Cucumis melon
9.	Orange	Serthlum	Citrus Zeticulate
10.	Papaya	Thingfanghma	Carica papya
11.	Peach	Theitehmul	Prunus oersica
12.	Pear	Perthei	Pyrus communia

13.	Pineapple	Lakhuihthei	Anana comosu
14.	Plum	Japan thei	Prunus domestica
15.	Pomegranate	Theibuhfai	Punica granatum
16.	Sweet Orange	Sisu	Citrus sinensis
17.	Wood apple		Aegle markeloe
18.	Jack fruits	Lamkhuang	Arocapus Letarophyllus
19.	Mango	Theihai	Mangifera Indica
20.	Passion fruits	Sapthei	Passiflora edulis
21.	Limes	Ser	Citrus species

VI. Spices and condiments

1.	Bay leave	Tejpata	Cinnamomum tamala
2.	Cardamon (Large)	Alaichi (a lian)	Amomum sulbulatum
3.	Chilli	Hmarcha	Capsicum annum
4.	Cinnamon	Thakthing	Cinnamomum Zevlanicum
5.	Coriander	Dhania	Cotiadrum Astivan
6.	Fenugreed		Trigonella foonum Graecumstivum
7.	Garlic	Purun var	Allium
8.	Mint	Pudina	Mentha viridis
9.	Pepper	Thingmarcha	Piper nigrum
10.	Tamarind	Tengtere	Tamarindus indica
11.	Turmeric	Aieng	Curcuma longa
12.	Vanilla		Curcuma vannila planifilis
13.	Ginger	Sawthing	Gingiber efficenala
14.	Clove	Lawngpar	Syzegium
15.	Tree spices		Aromaticum
16.	Small cardamon	Alaichi (a te)	Elactoria cardamomum

VII. Fibres

1.	Cotton	La	Gossyphium app
2.	Jute	Ziza	Corcorus capsularis

VIII. Sugar and Starches

1.	Tapioca	Pangbal	Maniho esculente
2.	Sugarcane	Fu	Saccharum officinare

IX. Plantation Crops

1.	Areaca palm	Kuhva kung	Areca catechu
2.	Cocoa	Coco	Theobroma cacao

3.	Coffee	Coffee	Coffee aravuca c. robusta
4.	Papo rubber	Thelet	Heavea brassilliensis
5.	Tea	Thingpui	Thea sinensis

X. Narcotics

1.	Betel leaf	Panhnah	Piper betle
2.	Tobacco	Vaihlo	Nicotiana tabacum

XI. Forest Products

1.	Bamboo	Mau
2.	Cane	Hruihnang
3.	Flowers	Pangpar
4.	Gum	Thilcharna
5.	Honey	Khawizu
6.	Timber	Thing/Thingzai
7.	Wax	Khawihnun
8.	Broom sticks	Hmunphiah
9.	Baheda	Thingvandawt
10.	Chirauji	
11.	Manha flower	
12.	Teak	Tik thing

XII. Animal Husbandry Products

1.	Bristles	Ranhmul
2.	Cattle	Bawng
3.	Cock and Hen	Ar
4.	Duck	Varak
5.	Eggs	Artui
6.	Fish	Sangha
7.	Ghee	Hriak (Giu)
8.	Goat	Kel
9.	Hides and Skins	Savun
10.	Howa	
11.	Wool	Sahmul
12.	Pig	Vawk

XIII. Sericulture Products

1.	Silk quilt	Pangangril rizai
2.	Silk Carpet	Pangangril Chhuatphah
3.	Silk mat	Pangangril Zampher
4.	Silk Blanket	Pangangril blanket
5.	Other Silk Cloth products	Pangangril kaih atanga puan lam siam dangte

XIV. Medicinal Agromatic Plants/Essential Oils

1. Lemon grass
2. Citronella grass
3. Eucalyptus

XV. Ornamentals

- | | | | |
|-----|------------------|-------------|----------------------|
| 1. | Rose | Rose | |
| 2. | Jasmine | Zanpar | Jasminum SPP |
| 3. | Chrysanthemum | October par | Chrysanthemum spp |
| 4. | Orchids | Nauban | |
| 5. | Gladiolus | | |
| 6. | Tube Rose | Tube Rose | Polianthes Tube Rose |
| 7. | Dahlia | | |
| 8. | Bougain villes | Saron | Bougainville spp |
| 9. | Anthurium | Anthurium | |
| 10. | Bird of Paradise | | |

Addendum on Contract Farming

Contract Farming Agreement and Its Specifications

1. **Introduction** : Contract farming is an agreement between processing and/ or marketing firms, market intermediaries and the farmers for the production and support of agricultural products under forward agreement, frequently at predetermined prices. The arrangement invariably involves the purchaser in providing a degree of production support to farmers through, for example, the supply of inputs and the provision of technical advise. The basis of such arrangements is a commitment on the part of farmer to provide a specific commodity in quantities and quality standards determined by the purchaser and commitment on the part of the registered market intermediaries to support the farmer's production and to purchase the commodity. Contract farming is thus a means of allocating the distribution risk between processor and grower. The latter assumes risk associated with production while the former assumes the risks of marketing the final produce. For some critics, "contract farming" is just another of the ills Associated with economic globalization. On one side, there are a mass of unorganised small-scale farmers, with little bargaining power and few of the resources needed to raise productivity and compete commercially. On the other side are powerful agribusiness entrepreneurs, offering production and supply contracts, which – in exchange for inputs and technical advice – enable it to exploit cheap labour and transfer most risks to the primary producers. Contract farming, the critics say, is essentially an agreement between unequal parties, and more likely to generate debt than development for the small farmer. But this is rarely the case. An FAO guide "Contract farming : Partnerships for growth" argues that well managed contract farming has proven effective in linking small farm sector to sources of extension advice, mechanization, seeds fertilizer and credit, and to guaranteed and profitable markets for produce. "It is an approach that can contribute to both increased income for farmers and higher profitability for sponsors. "When efficiently organized and managed, contract farming reduces risk and uncertainty for both parties and provides the producer the opportunity to add value to his production.

2. **Merits of contract farming** : The prime advantage for farmers is that the sponsor will normally undertake to purchase all produce grown, within specified quality and quantity parameters, often at pre-determined prices. Contracts can provide farmers with access to a wide range of managerial, technical and extension services that otherwise may be unobtainable. Small-scale farmers are frequently reluctant to adopt new technologies because of the possible risks and costs involved. In contract farming, private agribusiness will usually offer improved methods and technologies because it has a direct economic interest in improving farmers' production to meet its needs. In many instances, the larger companies provide their own extension support to contracting farmers to ensure production is according to specification. Skills the farmer learns through contract farming may include record keeping, improved methods of applying chemicals and fertilizers and knowledge of the importance of quality and of the demands of export markets. The returns that farmers receive for their crops on the open market depend on prevailing prices and their ability to negotiate with buyers but contract farming can, to a certain extent, overcome this price uncertainty. Frequently, sponsors indicate in advance the prices to be paid and these are specified in the agreement.

Contract farming arrangements can contribute to adding value by (a) facilitating the emergence of agro – processing plants which would otherwise not exist if supplies were not forthcoming in an organized manner (b) enabling the export of produce from small farmers which otherwise would not be able to access these demanding markets (c) encouraging higher quality production and Better handling

& sorting thus increasing the value of small holder production and (d) by enabling producers and processors to achieve economies of scale, thereby lower costs and making them more competitive.

3. **Risk Factors in Contract Farming** : For farmers, there is the uncertainty involved in growing new, unfamiliar crops and producing for markets that might not always live up to their expectations – or their sponsors’ forecasts. Inefficient management can lead to overproduction, and in some cases sponsors “may be tempted to manipulate quality standards in order to reduce purchases”. One of the biggest risks for farmers is debt which can be caused by production problems, poor technical advice, significant changes in market conditions, or a company’s failure to honour contracts. On the sponsor’s side, risks can arise when dealing with farmers who, in turn, may have negotiated use of the land with traditional owners. Before entering into contracts, the sponsor needs to ensure that access to land is secured, at least for the term of the agreement. But a more serious problem is when farmers break the contract and sell their produce in alternative markets, sometimes encouraged by rival sponsors or ruling higher prices in open market.

4. **Managing Arrangements**: The contract farming system has to be seen as a partnership between agribusiness and farmers. Good service delivery by the sponsor is a precondition for successful contract farming. Sponsors must therefore take responsibility for coordinating production and marketing activities well. Managers must ensure the transparency of all interactions with the farmers and they must ensure that farmers understand both their own obligations and those of the sponsor. Farmers default in contract farming arrangements can be reduced by following interventions :

- a) **Organizing Farmers’ Associations** : Peer pressure within the group screens out potential defaulters and can reduce the risk of default. In addition, economies of scale can be realized in the delivery of services, thereby reducing costs. Farmers will also benefit by having a stronger hand in negotiations with companies.
- b) **Good communication and close monitoring of farmers** : Good communications help to foster good company-farmer relations and a sense of trust, which has a positive effect by reducing strategic default. Group members can monitor each other where there is a need to ensure quality and traceability of produce, and to prove due diligence throughout the chain.
- c) **Range and quality of services offered** : The better and broader the range of services offered, the closer the relationship between farmer and the business, and more the farmer stands to lose by breaking the relationship.

5. **Types of Contract farming** : Contract farming agreements can be classified into three, not mutually exclusive categories : (i) market-specification, (ii) resource providing, and (iii) production management. Market specifications contracts are pre-harvest agreements that bind the firm and grower to a particular set of conditions governing the sale of the crop. These conditions often specify price, quality and timing. Resource providing contracts oblige the processor to supply crop inputs, extension, or credit, in exchange for a marketing agreement. Production management contracts bind the farmer to follow a particular production method or input regime, usually in exchange for a marketing agreement or resource provision. In various combinations, these contract forms permit firms to influence the production technology and respond to missing markets without having to operate their own plantations. Eaton and Shepherd in their book titled ‘Contract Farming – Partnership for Growth’ (FAO – 2001) have presented five organizational models for contract farming.

- a) **Centralised Model**: The sponsor purchases crops from farmers for processing, and markets the product. Quotas are distributed at the beginning of each growing season and quality is tightly controlled. This model is generally associated with tobacco, cotton, sugar cane, bananas, coffee, tea, cocoa and rubber crops.

- b) Nucleus estate Model : The sponsor owns and manages a plantation, usually close to a processing plant, and introduces technology and management techniques to farmers (sometimes called "satellite" growers). Mainly used for tree crops, but has also been applied to dairy production.
- c) Multipartite Model : Usually involves statutory bodies and private companies jointly participating with farmers. Common in China, where government departments, township committees and foreign companies have entered into contracts with villages and individual farmers.
- d) Informal, or individual developed Model : Individual entrepreneurs or small companies make simple, informal production contracts with farmers on a seasonal basis, particularly for fresh vegetables and tropical fruits. Supermarkets frequently purchase fresh produce through individual developers.
- e) Intermediary Model : Formal subcontracting of crop production to intermediaries is common in Southeast Asia. In Thailand, large food processing companies purchase crops from individual "collectors" or farmer committees, who make their own informal arrangements with farmers.

6. **Specifications of Contract Farming agreements** : Contents of a contract farming agreement depends on a number of factors such as the nature of the product, the primary processing required, if any, and the demands of the market in terms of supply reliability. Quality incentives, payment arrangements, the level of control the sponsor wants to have over the production process also influence the nature of the agreement, and the extent to which the parties have capital tied up in the contract. A contract covering, for example, oil palm, tea or sugar, where significant long-term investment is required from all parties, will be different from a contract covering annual crops such as fruits and vegetables for local supermarkets may not be the same as one covering such produce destined for overseas, markets, which may have more rigid controls on pesticide use and product quality as well as higher presentation and packaging standards. Although corporate bodies, government agencies and individual developers are of necessity the catalysts of the contract, farmers and their representatives must be given the opportunity to contribute to the drafting of the agreement and assist in the wording of specification in terms farmers can understand. Management must ensure that agreements are fully understood by all farmers. The terms and conditions entered into must be written down for independent examination and copies given to the farmers' representatives. Copies should also be available to relevant government agencies.

The legal framework of the Agreement should comply with the minimum legal requirement of the Indian Contract Act. local practice must be taken into account and arrangements for arbitration must be addressed. Agreements, in the form of a written contract, usually cover the responsibilities and obligations of each party, the manner in which the agreement can be enforced and the remedies to be taken if the contract breaks down. In most cases, agreements are made between the sponsor and the farmer, although in the case of multipartite arrangements, the contracts can be between the sponsor and farmer associations or cooperatives.

The Specifications : Within the broad categories of market-specification, resource-providing, and produce-management contracts, firms must specify terms that include :

- a) **Marketing** : How much of the product will be purchased. When, and at what price for what quality? Must the grower deliver all of his product, a share or set amount.
- b) **Inputs and technical assistance** : How will inputs and technical assistance be delivered. How much, and at what price and quantity ?

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- c) Credit : Will the grower receive credit in cash or kind? How much will he receive, at what interest rate? What will be the collateral?
- d) Production Management : What technological procedures must the grower follow. How will the grower be monitored?
- e) Delivery and grading : Who will transport the harvest to the processor and how will quality be graded ?
- f) The duration of the contract :
- g) The way in which the price is to be calculated using :
 - i) Prices fixed at the beginning of each season.
 - ii) Flexible prices based on world or local market prices
 - iii) Spot-market prices
 - iv) Consignment prices, when payment to the farmer is not known until the raw or processed product has been sold, or
 - v) Split pricing, when the farmer receives an agreed base price together with a final price when the sponsor has sold the product
- h) Procedures for paying farmers and reclaiming credit advances;
 - i) Arrangements covering insurance;
 - j) Registration of Contract Farming Agreement with the notified Govt. Agency and Dispute resolution mechanism.

CONTENTS OF A CONTRACT FARMING AGREEMENT

MANDATORY PROVISIONS –

I. Parties To The Agreement

- a) Contract Farming Sponsor – It may be a sole proprietor, a company registered under the Companies Act. 1956, a partnership firm registered under the Partnership firm 1932, a Government Agency, a Cooperative Societies registered under the State Cooperative Societies Act and shall include its administrators, successors, representative and assignee.
- b) Contract Farming Producer's includes and agriculturist, farmers associations, self-help groups, authorized tenants and farmers cooperatives societies registered under the State Cooperative Act. The expression shall include the successor, heirs, executors and representatives of the party contracting the agreement.

II. Description of Farm Land Covered by Contract Farming Agreement.

- a) Acreage, Location – This would provide land particulars as recorded with the revenue authority of the concerned area.
- b) Facilities available – This would stipulate availability of irrigation, its kind and other specific features reflecting on production.
- c) Nature, tenure, rights etc. of the Contract Farming Producer's on the land.

III. Duration of Agreement.

- a) Seasonal
- b) Annual
- c) Long Term (3-5 years)

Explanatory note : The duration of agreements depends on the nature of the crop. Contracts for short-term crops such as table vegetables are normally issued and renegotiated on a seasonal basis, whereas crops such as tea, coffee, sugar cane, and cocoa require long-term contracts that can be amended periodically.

IV. Description of Farm produce

This would clearly indicate name of the agricultural produce with specific variety or any other characteristic, which the buyer wants the producer to grow on the contracted land identified under clause 2.

V. Quantity Specification of the Farm Produce

This would indicate the quantity of produce in respect of which the agreement is entered into. This could be determined on the following basis :

- a) On volume basis
- b) On Area Basis
- c) Entire Crop
- d) Fixed Quantity

Explanatory note : Quotas are employed in the majority of contracts in order to utilize processing, storage and marketing capacities efficiently; guarantee markets for all farmers; ensure quality control; and monitor farmer's performance. The allocation and distribution of production quotas will vary according to crop and circumstances. Where there is no alternative market for the crop and farmers have made significant long-term investments in production (tree crops) or processing facilities (e.g. tobacco curing barns), the sponsor must be committed to purchase the entire crop covered by the quota. This obligation, of course is subjected to the crop meeting the agreed quality specification. The most common and practical method is to allocate quotas on an area basis, with sponsor calculating the total area to be calculated in relation to the project's processing capacity and their knowledge of each farmer's expected yield. Where there are alternative markets for crops under contract, quite often farmers are tempted to sell outside the contract. Quotas deliberately set at levels lower than the farmer's actual production capacity may enable them to take advantage of high open market prices when they occur. Such an arrangement is likely to apply particularly when the pricing arrangement is for a fixed price rather than a market-based price.

VI. Quality Specifications of Commodity Contracted

- a) Quality specifications in terms of size, weight, degree of maturity, packaging, intrinsic quality like juice content, safety requirements, if any
- b) Agency to decide quality in case of dispute
- c) Consequences of non conformity with quality specifications
 - i) Rejection
 - ii) Reduction in price
 - iii) Any other

Explanatory note: Contracts should contain quality specifications of produce covered by the agreement and indicate as to whether the produce that does not conform to the agreed criteria can be rejected. It is important that farmers fully understand the reasons for standards. Contract sponsor should demonstrate the grades to farmers at the beginning of each season and explain the rationale for the

specifications. Wherever possible, the number of grades should be kept to a minimum and each grade's specifications should be presented in clear terms. Often, however, there may be a need for only one standard, with all produce delivered being required to fall within a particular specification range.

VII. Crop delivery arrangements .

- a) At Farm gate
- b) At Processing Unit
- c) At specified collection centers
- d) Transportation arrangements

Explanatory note : Arrangements for collection of products or delivery by the farmers vary widely. Some ventures stipulate that farmers should deliver their harvest to processing plants at given dates; others may include the use of the sponsor's transport to collect harvested crops at centrally located buying points. For contracted fresh vegetables a normal practice is farm gate collection. When the sponsor's transport is used there is normally no cost to the farmer. In the sugar industry, farmers deliver their harvested cane to central loading point from which it is then transported to the crushing mill, weighed and purchased. Many formal contracts have clausued that outline the obligations of both the farmer and the sponsor regarding delivery and collection respectively. As a routine practise sponsors and their extension staff should confirm delivery or collection arrangements at the beginning of each season and reconfirm these prior to harvest.

VIII. Pricing arrangements

- a) Fixation of Price
- b) Payment and Loan/Credit Recovery procedure
- c) Advance Payment
- d) Credit in cash/Kind(input)
- e) Recovery of Bank Loan
- f) Payment on Delivery
- g) Final Payment
- h) Arrangement with Banks

Explanatory note : Pricing and payment arrangements are the most discussed and challenging components of all farming contracts. The choice of which crop pricing structure to use is influenced by whether the crop is for the local or export market, the seasonal nature of production and the degree of competition in the marketing system. The application of transparent pricing formulas is crucial and the drafting of a clear pricing structure and the organization of a practical method of payment encourage confidence and goodwill. There are several ways prices offered to farmers can be calculated. Fixed prices are the most common method. The practice is usually to offer farmers set prices at the beginning of each season. In almost all cases, fixed prices are related to grade specifications. Flexible prices structure applies to prices calculated on a formula related to changing global and local markets. This form of pricing is common in, for example, the sugar industry where the final price to the farmer is known only after the processed sugar has been sold. Under Split pricing system an agreed base price is paid out at the time of purchase or at the end of the harvesting season. The final price is calculated once the sponsor has on-sold the commodity, and depends on the prevailing market price. If the crop is sold in the fresh form the second price can usually be calculated within a month. When the product is processed it may take much longer.

IX. Registration and dispute Resolution Mechanism

In the majority of cases, it is highly unlikely that a sponsor will take legal action against a small holder for a breach of contract. The costs involved are inclined to be far in excess of the amount claimed, and legal action threatens the relationship between the sponsor and all farmers, not just those against whom action is being taken. Action by a farmer against a sponsor is similarly improbable. As neither side is likely to seek a legal remedy through the courts, it is important that quick and easy ways of resolving disputes are identified in the agreement. A body representing the sponsor, farmers and other interested like Market Committee might be the most appropriate forum, which can act as an arbitrator. For the purpose, appropriate legal provision will have to be made in the law governing the marketing of agricultural produce (APMC Act) to inter-alia provide for compulsory registration of all contract farming agreements and the procedure for settlement of disputes arising there from.

X. Indemnity in favour of producer

In order to protect producers land and properties it is essential that an indemnity is provided to him. The sponsor in any case shall not have any right whatsoever over the title or possession of the producers land.

OPTIONAL PROVISIONS:

XI. Cultivation/Input Specifications to be followed by the Producer

- a) Land preparation
- b) Nursery
- c) Fertilization
- d) Pest management
- e) Irrigation
- f) Harvesting

Explanatory note : When sponsor provide seeds, fertilizers and agrochemicals, they have the right to expect that those inputs will be used in the correct quantities. They also have the right to expect that farmers follow the recommended cultivation practices. Of particular concern is the possibility that farmers may apply unauthorized or illegal agrochemicals, which can result in toxic residues, with dramatic repercussions for market sales. It is therefore essential to spell out these clearly so that all contracted farmers adhere strictly to the project's input policies. Sponsors and their extension staff must make every effort to explain to farmers why the specifications and input recommendations must be followed.

XII. Insurance arrangements

- a) Price Fluctuations
- b) Pest Epidemic
- c) Natural calamities
- d) Acts of God
- e) Destruction of Assets
- f) Loan Default
- g) Production Loss
- h) Buyer's Insolvency

Explanatory note : Agricultural investments always involve risk. The five most likely reasons for investment failure are poor crop management, climatic calamities, pest epidemics, market collapse and

price fluctuations. The standard agribusiness approach to indemnify against quantity shortfalls is crop insurance. As the farming involved in a contract arrangement becomes technologically more advanced, the range of risks to which it is subject generally becomes more limited. In many cases some of the remaining risks can be managed with the assistance of insurance. Where there are fixed price contracts there is no apparent risk to farmers with regard to payment for their crops. If a market collapses, the sponsor should automatically shoulder the loss. However, if the sponsor becomes bankrupt, farmers could be permanently affected. Where contracts are on a flexible on spot-price basis the stability of farmers' incomes is always at risk. In theory, the proposal of crop and property insurance for farmers in contract farming ventures is appealing. However, a qualified risk analysis has to be made to determinate the economic advantages of insurance against the specific risks applicable to the particular crop. Some authorities classify the four main categories of crop insurance in order of "their comprehensiveness in terms of coverage of risks" as follows:

(i) **Acts of Gods** : This category encompasses natural disasters such as drought, floods, hail, storms, cyclones, lightning, insect plagues and disease epidemics that are beyond management control.

(ii) **Destruction of specified assets** : Tractors and farm implements can be insured against damage and theft. Insuring of curing kilns by farmers when growing tobacco under contract is essential. If a contract-farming venture is well established, management can sometimes organize the insurance of non-contractual farm buildings and housing as part of the sponsor's total indemnity policies, reducing the cost of premiums to the grower.

(iii) **Loan default** : In almost all ventures, sponsors assume the liability of credits advanced by management to the farmer for the contracted crop. It is therefore important that advanced do not accumulate into debts that the farmer cannot repay. Sponsors normally allow farmers who cannot repay advances because of climatic or other mitigating factors to extend their loans to the following seasons. Sponsors, Of course, do have the option to indemnify their farmer loans against default through their own insurance brokers.

(iv) **Production and income loss** : Insurance against both production and income loss is expensive and complex. Production loss may be caused by a combination of factors that are difficult to insure against. To determine who is culpable when a crop is destroyed by insects is one example. Was it an "Act of God" or the failure of the farmer to take measures for pest control at the appropriate time, or was it the fault of management for not training and instructing the farmers in pesticide techniques? there are also social risks that could cause crop loss such as theft and animal damage.

XIII. Support Services To Be Provided By Sponsor :

The sponsor of large volume of produce may as part of the agreement provide one or more of the following services:

- a) Coordination of production which includes identifying suitable production areas and forming farmers' groups;
- b) Provision of extension advice on new cultivation/harvesting practices, appropriate use of chemicals, and efficient farm management ;
- c) Transfer of Technology leading to higher yield and/or improved quality;
- d) Cropping schedules ; and
- e) Training and awareness programmes.

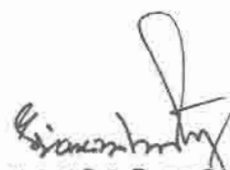
XIV. Farmer-Management Forum:

- a) Organisation of Farmers' Association
- b) Interaction with Associations

Explanatory note: Intermediary bodies that link management/sponsor and farmers for purposes of negotiation and interaction are necessary for all contracts. By creating farmer-management forums, sponsors can negotiate contracts with farmers either directly or through their representatives. The representatives should meet with management/sponsor periodically, but atleast three times in a season. The first meeting should be at the beginning of season in order to ratify the pricing structure and the season's crop schedules. A second meeting is advisable immediately before harvesting to discuss the crop progress and to confirm buying procedures. A final meeting to review performance at the end of harvest, which may coincide with the final payment to farmers. The farmers management forums include Farmers Associations, Farmers Co-operatives, Farmers Groups or any other organisation of the farmer by whatever name called (to be named in the agreement).

XV. Monitoring Quality and Yields:

Each contract farming agreement must incorporate quality control and monitoring system suitable for its particular operation. Sponsor must prioritize monitoring procedures and decide how often they should be carried out, in what locations and who should be inspected and at what locations. Checking product quality can take place before, during and immediately after harvesting as well as at the time farmers grade their own production and when the produce reaches the company's processing or packaging facility.


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