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THE TELANGANA GAZETTE
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TELANGANA BILLS
TELANGANA LEGISLATIVE ASSEMBLY

The following Bill was introduced in the Telangana Legislative Assembly on 27th March, 2016.

L.A. BILL No. 5 OF 2016.

**A BILL FURTHER TO AMEND THE TELANGANA
(AGRICULTURAL PRODUCE AND LIVESTOCK)
MARKETS ACT, 1966.**

Be it enacted by the Legislature of the State of Telangana in the Sixty-seventh Year of the Republic of India as follows:-

1. (1) This Act may be called the Telangana (Agricultural Produce and Livestock) Markets (Amendment) Act, 2016.

Short
title and
Commencement.

[1]

B. 404-1 rsn

(2) Section 4 shall be deemed to have come into force w.e.f. 18.9.2015 and the remaining sections shall come into force on such date as the State Government may, by notification, appoint.

**Amend-
ment of
Section 2.
(Act 16 of
1966.**

2. In the Telangana (Agricultural Produce and Live Stock) Markets Act, 1966 (hereinafter referred to as the principal Act), in section 2,-

(1) after clause (ij), the following clause shall be inserted, namely,-

“(ik) “Direct Purchase Center” means a place in the notified area of Market Committee licensed as a Direct Purchase centre wherein the operator of the Direct purchase centre is permitted to buy the notified agricultural produce from the producers;”

(2) for clause (vi), the following clause shall be substituted, namely,-

“(vi) ‘Market’ means a place established or declared under sub section (3) of Section 4 and includes a Market yard and any building therein, a warehouse, a cold storage, a processing unit, a Direct purchase center or any other place declared as market by the Market Committee;”

(3) after clause (xivb), the following clause shall be inserted, namely,-

“(xivbb) “Processing Unit” means a place in the notified area of Market Committee, licensed as a Processing unit wherein the operator of the processing unit is permitted to process the notified agricultural produce, livestock and products of the Livestock;”

(4) The existing Clause (xva) shall be renumbered as (xvaa) and before such renumbered clause, the following new clause (xva) shall be inserted namely:-

“(xva) “Registering Authority” means the Secretary of Market Committee when all the farmers are from notified area of such committee or officer authorized by Director of Marketing when farmers are from notified areas of more than one Market committee for the purpose of registering contract farming sponsors and contract farming agreement.”

(5) after item (xvii), the following item shall be added, namely,-

“(xviii) “Warehouse” means any building or structure or other protected enclosure including cold storage licensed as warehouse and used for the purpose of storing agricultural produce on behalf of the depositors.”

3. In Section 4 of the principal Act, -

(1) in sub-section (3),-

(i) after clause (bb), the following clause shall be added, namely,-”

“(bbb) Every Market Committee may also declare in the notified area any warehouse or cold storage or processing unit or any other place as a market by following the procedure as may be prescribed.”;

(ii) for clause (c), the following shall be substituted, namely:-”

“(c) The Market Committee shall specify the limits of every market established or declared as a market by it and the Government may notify the markets with such limits, to be notified market area for the purpose of this Act.”;

(2) sub-section (4) shall be omitted.

**Amend-
ment of
Section
4.**

Amend-
ment of
Section
5.

4. In Section 5 of the principal Act, after sub-section (2), the following proviso shall be inserted, namely:-

“Provided that such number of Chairmen may be nominated to the Market Committees from among the members belonging to Scheduled Castes / Scheduled Tribes / Backward Classes in the manner prescribed to the possible extent.”

Amend-
ment of
Section
7.

5. Section 7 of the Principal Act shall be substituted with the following:

“7. Licensing of Traders, Commission Agents, Processors, Direct Purchase centers, Private Markets etc., and Regulation of Trade:-

(1) No person shall, within a notified area, set up, establish or use, or continue or allow to be continued, any place for the purchase, sale, Warehousing, storage, weighment, curing, pressing or processing of any notified agricultural produce or products of livestock or for the purchase or sale of livestock except under and in accordance with the conditions of a license granted to him under this section:

Provided that the market committee or the Director of Marketing may exempt from the provisions of the sub section any person who carries on the business of purchasing or selling any notified agricultural produce, live stock or products of live stock not exceeding such value as may be prescribed:

Provided further that a person selling notified agricultural produce, live stock or products of live stock grown, reared or produced by him, shall be exempted from the provisions of this sub section, but the Government may

for special reasons to be recorded in writing, withdraw such exemption in respect of any such person:

Provided also that the market committee or the Director of Marketing or the Officer authorized by him as the case may be shall not renew the licence granted under this section, unless the licensee pays all the arrears of amounts including rental arrears due to it under provisions of this Act.

Explanation: Nothing in the second proviso to this sub section shall be construed as exempting a co-operative marketing society registered or deemed to be registered under the Andhra Pradesh Co operative Societies Act, 1964, selling notified agricultural produce, livestock or products of livestock grown, reared or produced by any of its members.

(1-A): There shall be a state wide single licence for the trader to be granted/renewed by the Director of Marketing or an officer authorized by him in the manner and in the form as may be prescribed. The Existing trader licenses granted by the Agricultural Market Committee shall be converted into state wide single trader, license by the Director of marketing or the officer authorized by him, within six(6) months from the date of commencement of this Act until then the existing trader licenses granted by the Agricultural Market Committees are deemed to have been the state wide single trader licenses.

(1-B): A Commission Agent license shall be granted/ renewed by the Agricultural Market Committee in the manner in the form as may be prescribed to operate as a commission agent in a Market.

(1-C): Warehouse license shall be granted/renewed by the Agricultural Market Committee for establishing/operating a warehouse in the notified area of the Market Committee, in the manner and in the form as may be prescribed.

(1-D): Processor license shall be granted/renewed by the Agricultural Market Committee for establishing /operating a processing unit in the notified area of the market Committee, in the manner and in the form as may be prescribed.

(1-E): License for all other purposes mentioned under sub-section (1) shall be granted/renewed by the Agricultural Market Committee to operate anywhere in the notified area, in the manner and in the form as may be prescribed.

(2) Nothing in sub section (1) shall apply to a person purchasing notified agricultural produce, livestock or products of livestock for his own domestic consumption.

(3) A licence granted under sub section (1) shall be in such form and subject to the payment of such fees, as may be prescribed;

Provided that no fees shall be charged for the grant of the licence-

(i) to the Khadi and Village Industries Commission;

(ii) to a co-operative marketing society referred to in the explanation to sub-section (1);

(iii) to a person merely for curing, pressing or processing any notified agricultural produce or products of livestock.

(4) (a) A licence under sub section (1) may be refused to a person-(i) whose licence was cancelled and one year has not elapsed since the date of the cancellation;

(ii) who has been convicted of an offence or been guilty of misconduct which, in the opinion of the market committee or the Director of Marketing or the Officer authorized by him as the case may be, affects the said person's integrity as a man of business;

(iii) in regard to whom the market committee or the Director of Marketing or the Officer authorized by him as the case may be, is satisfied, after such inquiry as it considers adequate, that he is a benamidar for, or a partner with, any other person to whom a licence may be refused under sub clause (i) or sub clause (ii);

(iv) if, in the opinion of the market committee or the Director of Marketing or the Officer authorized by him as the case may be, the grant of a licence is likely to affect the transaction of purchase or sale in the market or the levy of market fees therefor.

(b) the market committee or the Director of Marketing or the Officer authorized by him as the case may be, in accordance with such rules as may be made by the Government and after such inquiry as it deems fit, cancel or suspend any licence granted under sub sections (1), (1-A), (1-B), (1-C), (1-D), (1-E):

Provided that in the case of refusal to grant a licence or of suspension or cancellation of a licence, the applicant or the licensee, as the case may be, shall be entitled to appeal to such Officer and in such manner as may be prescribed.

(5) A person to whom a licence is granted under sub section(1) shall comply with the provisions of this Act, the rules and the bye laws made thereunder and the conditions specified in the licence.

(6) Notwithstanding anything contained in sub section (1), no person shall purchase or sale or processing any notified agricultural produce, livestock and products of livestock outside the market established / declared by the Market committee or outside the Direct purchase centers.

(7) Notwithstanding anything contained in sub sections (1) to (6) the Director of Marketing may grant / renew license in the manner and in the form prescribed, to a person, after examination of the credentials, experience and the proposed plan to establish a Direct purchase centre in a notified area, with such facilities as prescribed, for making purchases from the growers of the agricultural produce, livestock and products of livestock for processing, grading, packing, storing and for sale / export of the products:

Provided that the licence so granted under sub-section (7) shall be suspended or cancelled for violation of any provisions of the Act.

(8) Notwithstanding anything contained in sub-sections (1) to (7), Government or the competent authority as may be declared by the Government in this behalf, may grant a licence to a person, to establish e-market in a notified area for the purpose of this Act, for e-trading under the Conditions of License granted to him as per the procedure prescribed.

(9) Notwithstanding anything contained in sub-sections (1) to (8) the Government may grant / renew a license to establish and operate private market in the manner and form as may be prescribed, after examination of the credentials, experience and proposed plan to establish a Private Market in a notified area for the purposes of this Act with such facilities as prescribed for facilitating transparent and efficient trading of notified agricultural produce, livestock and products of livestock:

Provided that the license so granted shall be suspended or cancelled for violation of any provisions of the Act.

(10) (a) The Director of Marketing may from time to time identify and notify the markets for conducting online trade through electronic platform and direct the Market Committee to provide infrastructure for conducting online trade within the stipulated time and the market committee shall provide the infrastructure within the stipulated time.

(b) After satisfying himself that the necessary infrastructure is provided in the selected markets, the Director of Marketing shall notify the date with effect from which online trade through electronic platform shall take place.

6. In the principal Act, Section 7-A, shall be omitted.

**Ommis-
sion of
section
7-A.**

7 .In the principal Act, Section 7-B, shall be omitted.

**Ommis-
sion of
section
7-B.**

**Amend-
ment of
Section
11.**

8 .In section 11 of the principal Act, for sub-section (1), the following shall be substituted, namely:-

“(1) Every contract entered into by a market committee shall be in writing and signed by the Secretary of the Market Committee in the manner as may be prescribed.”.

**Amend-
ment of
Section
11-A.**

9. For section 11-A of the principal Act, the following shall be substituted, namely:-

“11-A. Contract Farming:- (1) Every Contract farming sponsor shall register with registering authority in such manner and on payment of such fee as may be prescribed.

(2) The Contract farming sponsor shall register the contract farming agreement with the Registering authority in such manner and in such form as may be prescribed.

(3) Notwithstanding anything contained in contract farming agreement, no title, rights, ownership or possession shall be transferred or attenuated or vest in the contract farming sponsor or his successor or his agent as a consequence arising out of the Contract farming agreement.

(4) Any dispute arising out of contract farming agreement shall be decided by the Registering authority. He shall resolve the dispute in a summary manner within thirty days from the date of reference of dispute by giving the parties a reasonable opportunity of being heard, in such manner as may be prescribed.

(5) The party aggrieved by the decision of the Registering Authority under sub-section (4), may prefer an appeal to the Director of Marketing within thirty days from the date of decision. The Director of Marketing shall dispose

off the appeal within thirty days after giving the parties a reasonable opportunity of being heard and the decision of the Director of Marketing shall be final.

(6) The Decision of the authority under sub-section (4) and decision in appeal under sub section (5) shall have the force of a decree of the Civil Court and shall be enforceable as such and decretal amount shall be recovered as arrears of land revenue.

(7) The Agricultural produce under contract farming shall be sold to the contract farming sponsor in the manner prescribed on payment of Market Fee by the contract farming buyer.”.

10. In section 12 of the principal Act,-

(1) after sub-section (1) and the Explanations thereunder, the following sub-section shall be inserted, namely,-

**Amend-
ment of
Section
12.**

“(1-A) The Market Fee under sub-section (1) shall be single point levy on notified Agricultural Produce, livestock and product of live stock. If the Market Fee is levied and collected by any Market Committee in the State, and such Agricultural produce, livestock and product of live stock sold or processed within the State are exported outside the State, it shall be exempted from the levy of Market Fee subject to production of evidence of payment of Market Fee as may be prescribed.”

(2) in sub-section (2), after the proviso thereunder, the following proviso shall be added, namely,-

“Provided further that, where the produce is purchased by a trader from another trader, the trader selling the produce shall be liable to pay the Market Fee to the Market Committee and realise it from the purchaser.”

**Amend-
ment of
Section
12-F.**

11. In the principal Act, in section 12-F, in sub-section (1), for the words “or on an application made to him” the words and expression “or on an application made by the petitioner, after exhausting the opportunity under section 12-E” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The Government of Telangana felt necessary to reform Agricultural Marketing regulation and promote and induce activities like e-marketing, direct marketing, unified license etc., to create hassle free and transparent Market for sale of Agricultural Produce.

Hence, the Government of Telangana constituted a committee; vide G.O.No.32, Agricultural and Co-operation (Mktg.II) Department, dt. 10-07-2014 to suggest reforms in the Agricultural Marketing sector and identification of necessary interventions by harnessing the advances made in the field of information technology to establish networked markets and to ensure efficient price discovery which accrue to the benefit of the farmers.

The Committee recommended to introduce e-auction / tendering and automation of all the market transactions, quality based price discovery and improved market access through warehouse based virtual sale and networking of Agricultural Market Committees in the State. Meanwhile, the Government of India is also intend to create National Agriculture Market through setting up of a common e-market platform across the country and the Government of India has stipulated certain prerequisites like issue of state wide single trader license, single point levy of Market fee and online trade through electronic platform.

The Government of Telangana has given consent to join in National Agriculture Market Platform and communicated to the Government of India. Further necessary Detailed Project Report has been prepared in respect of 44 Agricultural Market Committees with an estimated cost of Rs. 24.27 crores to be networked with National Agriculture Market as per the Government of India instructions.

In order to achieve, to reform Agricultural Marketing regulation and promote, induce activities like e-marketing and to join National Agriculture Market (online trade through electronic platform) developed by Government of India, certain amendments required to Telangana (Agricultural Produce & Livestock) Markets Act, 1966.

It is felt necessary to undertake reforms in constitution of Agricultural Market Committees duly implementing the rule reservation in favour of SC/ST/BC for the post of Chairmen to Agricultural Market Committees for the benefit and upliftment of such down trodden farming communities.

Accordingly, the following new proviso added after sub-section (2) of Section 5 of Telangana (AP&LS) Markets Act, 1966 as amendment issued vide G.O.Ms.No.87, Agriculture and Cooperation (Mktg.II) Department, Dt. 15.9.2015 is as follows:-

“Provided that such number of Chairmen may be nominated to the Market Committees from among the members belonging to Scheduled Castes / Scheduled Tribes / Backward Classes in the manner prescribed to the possible extent.”

The salient features of the proposed measure, therefore, are,-

1. to reform Agricultural Marketing regulation and promote, induce activities like e-marketing and to join National Agriculture Market (online trade through electronic platform) developed by Government of India, certain amendments required to Telangana (Agricultural Produce & Livestock) Markets Act, 1966.

and

2. to undertake reforms in constitution of Agricultural Market Committees duly implementing the rule reservation in favour of SC/ST/BC for the post of Chairmen to Agricultural Market Committees for the benefit and upliftment of such down trodden farming communities.

After careful examination of the proposal, the Government have decided to join National Agriculture Market and implement the Rule of reservation to the post of Chairman in Agricultural Market Committees, by suitably amending provisions of the Telangana (Agricultural Produce & Livestock) Markets Act, 1966.

This Bill seeks to give effect to the above decision.

T. HARISH RAO,
Minister for Irrigation, Marketing,
Mines, Geology and Legislative Affairs.

**MEMORANDUM UNDER RULE 95 OF THE RULES OF
PROCEDURE AND CONDUCT OF BUSINESS IN THE
TELANGANA LEGISLATIVE ASSEMBLY.**

The Telangana (Agricultural Produce and Livestock) Markets (Amendment) Bill, 2016, after it is passed by the Legislature of the State may be submitted to the Governor for his assent under article 200 of the Constitution of India.

T. HARISH RAO,
Minister for Irrigation, Marketing,
Mines, Geology and Legislative Affairs.

Dr. S. RAJA SADARAM,
Secretary to State Legislature.