Chapter – 3

An Overview of Legislations in Agricultural Marketing

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Chapter – 3

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3.1 Legislation on agricultural marketing

Introduction:

The main points sought to be made in this chapter are as follows. Marketing legislation occupies a prominent place in the measures enacted by several countries to arise the level of their agricultural efficiency. These measures have gone a long way in achieving the end in view. Contrariwise, in India, where such legislation has been relatively inadequate, agricultural efficiency has remained at a low ebb. This signifies lack of appreciation of the fundamental role of the marketing system in a sound and effective food policy or in a plan of agricultural development. The marketing structure has a two-fold role to play in providing those economic conditions which are essential for the success of such plans, namely, making the most of what is produced and the evolution and implementation of a sound structure of incentives. The main provisions of the chief Acts of some countries have been described briefly, in order to bring home the scope and aims of such legislation and to aid the evolution of a suitable legal framework in this country.

Before coming to the main theme, a brief review of the main theories and concepts which have from time to time influenced state action, legislation and policy and the factors and forces responsible for their origin and vogue is given in order to provide a power setting for the above analysis;
Rise and decay of laissez-faire:

It is not possible to give an exact date when the reaction against state control set in, it is usually supposed to have been well on its way by the end of the eighteenth century when Adam Smith’s followers expounded the theories of impersonal international price system, and of free trade as the most desirable regulators of economic action and the promoters of national wealth. The movement towards laissez-faire has a long history behind it. “After the Restoration, more than a century before the industrial Revolution’ or the publication of the Wealth of Nation’s the doctrine of economic freedom began to gain an increasing hold over the minds of the governing body in England. The reason is given by Lipson, for this change in outlook and thought were; the establishment of the constitutional order after the revolution of 1688, and, secondly, the civil war which has proved a powerful solvent of traditional ways of thought. The reaction against constituted authority extended itself inevitably to the economic field and state interference naturally lost ground in this sphere as in others. Nor, indeed, was the famous dictum of Adam Smith—“man’s Self-Love is God’s Providence” wholly novel. Dean Tucker had forestalled him when he wrote in 1757; “The self-love and self-interest of each individual will prompt the public welfare at the same time”

There is, however, no drought that “The wealth of nations” concurred economic thought and guided economic policy far and wide. This ever rising sway of laissez-fair lured Cobden to prophesy in 1846 that all civilized nations would very soon follow Great Britain’s example in removing the shackles of trade.
Reaction:

That was, however, not to be. Economic society is not unlike a living organism which grows and functions by increasing adaptation to an ever-changing environment. It is governed by the law of action and reaction. Every movement has within it the seeds of its own decay. There is always a constant tide of evolution in which the old is almost imperceptibly blended with the new. While processed releasing economic life from the shackles of social control had been in operation for a century, meticulous control of trading marked England even at the time of Adam Smith. In marketing alone, almost all combinations were unlawful and engrossing and forestalling was criminal. On the other hand, it is certain that much of the vexatious industrial control was honored more in the breach than in the observance even in the sixteenth and the seventeenth-century England. Due to the absence of a civil service and an adequate system of inspection, large-scale smuggling was the rule.

Similarly, the free-trade doctrines emanating from Great Britain were promptly challenged in America an on the continent of Europe fifty years later over a century ago. List proclaimed that the "national system of political economy was in revolt against cosmopolitan economy". The rise of economic control, like that of the system it displaced, emanated from various sources. Political events, the type of economic and political organizational joined hands to bring about this revolution as they had in the case of its predecessor in England her self. Child Labour Acts, Factory Acts and other similar laws were passed at the very heyday of laissez-faire to supplement the unsatisfactory operation of economic forces by deliberate legislative control of employment and other reconditions.
Other evils of unregulated individualism were not late in manifesting themselves. The conflict between material progress and human welfare rephered soon after it was thought it had been resolved by Adam Smith and the classical economists. 'Jus price', 'fair wage' minimum standard of living, and other ethical considerations were found again rising to the fore and qualifying and undermining the impersonal, international price system.

Serious economic considerations also enjoined social control and regulation. The rapidity of technical and economic change bred economic and social instability; unemployment became more frequent, acuter and widespread. Thus, in the words of Fay, this revulsion “was due in part to a general awakening to the waste of competition and in part to a class protest from the side of labour against the profit-making basis on which the existing order was based”

The important political forces’ assisting this change were the deepening of national consciousness, the rise of political nationalism and the consequent development of economic nationalism with all its concomitants tariffs, subsidies and controls attempt to insulate domestic price levels against the erratic movements of world price and internal trade and employment against the whims and caprices of international trade. These tendencies naturally gathered force during and after the First World War.

The rapid strides in the realm of science also had a part to play. These made the obstacles to a diversified economy less and less important. Industrialized countries acquired a greater degree of self-sufficiency in food-stuffs and raw materials and the agricultural countries made astonishing progress on the road to industrialization.
Demise:

The phenomenon of public control has already become world-wide. It became most marked first in Russia, Germany and Italy and soon extended to the whole of Europe, as far east as Turkey, as far west as Great Britain, and as far north as the Baltic. The historic tenets of free trade were repudiated by Great Britain during the Inter-War period and her commercial system again bristled with tariffs, quotas, subsides, imperial preferences and bilateral treaties. Finally, the economic blizzard of 1929 obliged the United States, the last refuge of the dying laissez-faire, to subject her internal economic system also to an unwanted array of laws and official direction. State direction and planning though was not equally comprehensive everywhere, had become fairly common, it was not universal on the eve of the second world war.

The inter-War years may be said to have given rise to the concept of the Economic State, very much analogous to the Mercantilist State in kind but differing from it in the degree and directions of economic control. The wheel has thus come full circle and the clock of history appears to have been put back a hundred years. The economic historian of today may well exclaim with Ecclesiastics that “There is no new thing under the sun”

During the post-war II years, this process of planning and control has been further extended to new countries and new and wider aims. What is more important, as a result of the widening of aims, the concept of the state its functions and duties are undergoing a more significant and deeper development. It is not merely the maximum material advancement but maximum welfare, embracing economic and non-economic values, which the state is being called upon to promote. Many states are readily responding to this call and proving them selves equal to the task. Thus, the latest
addition to the numerous concepts of the welfare state. This is the form which the third wave of state control generated by the last world war has taken. Its distinctive feature is its equalitarian approach with its emphasis on the state responsibility to provide ‘food for all’ and ‘on the agricultural development programmers in which marketing has received an important place.

**Food Adulteration Laws:**

The state legislation in some important countries for the regulation of agricultural marketing may be broadly divided into (a) laws to prevent food adulteration and (b) those intended to insure orderly and efficient marketing, adequate production and a price fair both to the agriculturist and the consumer.

Records of government efforts to prevent food adulteration or to reduce merchandising charges go back to antiquity. Both Athens and Rome made provisions against the adulteration of wine. Stray efforts to prevent food adulteration were made in many European countries in the thirteenth century A.D. But general laws to control food purity did not begin until the middle of the nineteenth century.

The possibilities of discovering and proving adulteration were dependent on the adulterants used and on the scientific means of analysis and measurement. When processes of adulteration were simple or crude they could be discovered by simple methods. As the added materials and methods became more refined and complex, more scientific methods of discovering them were required. Elaborate provisions for the control of adulteration required precise means of discovery and measurement. The invention of the microscope about 1950 and the development of analytical chemistry had
provided the essential means of detecting some forms of adulteration. Later developments have included the application of spectroscopic methods.

Acts for preventing food adulteration and insuring food purity have by now become a part of the legal framework of almost every country. Legislation exists at almost every level municipal, district, province and center. But a detailed review of this legislation is not called for in a book on agricultural marketing as its primary aim has been to promote good health rather than good marketing. Attention will be, therefore, confined here to the legislation relating directly to marketing functions and machinery. Here, again, broadly speaking, two kinds of legislation have been passed. One intended to prevent unfair trading in the markets and to improve their efficiency and the other, being of a wider character, is directed towards the entire or over-all marketing system, i.e. the efficiency of marketing functions generally. As markets constitute but one stage in the marketing process, and but one part of the marketing system, market legislation, as the former may be called, however crucial, is naturally very limited in scope and effects, as compared with the latter which may be designated as marketing legislation. Thus, while all market legislation is marketing legislation, all marketing legislation is not market legislation.

In India legislation in this field has been practically confined to the former category. The latter has been conspicuous more or less by its absence primarily because of the lack of appreciation of the bearing of marketing efficiency on economic development. To bring this point into proper relief it will be helpful to first review the legislation on markets and marketing in other countries in this section.
Regulation of the market:

(A) Great Britain:

Social welfare has demanded legislation to control and regulate markets in many countries. In Ancient times, a court of “pie poudre” was held in every market or fair in England and Wales to work for the maintenance of law and order and to see that contracts were honored. Between 1796 and 1926, as many as thirty-two Acts were passed in Great Britain in regard to markets and fairs. The more important of these were the markets and fairs Act of 1874. Consolidating many of the previous Acts and Regulations and the Weights and Measures Act 1878. Model by laws for the regulation of publicly- owned markets are kept up-to date and issued regularly by the Ministry of Health. The corn sales Act of 1921, the Horticultural Produce Act and the Markets and Fairs Act 1926 may be regarded as the main Acts of the present century. The first of these related to the standardization of weights, the second required salesmen of fruits and vegetables consigned for sale on commission to detail the charges made for services other than selling of fruits and vegetables consigned to them. The markets and fairs Act provided for the weighing of cattle before auction sales.

The local bodies usually have a market committee which looks after the markets under their jurisdiction, and is, in turn, assisted by a market superintended in its day-to day work.

(B) U.S.A. :

Control of markets in the U.S.A. began in 1899 when Minnesota passed legislation to regulate market functionaries. By 1929 the no of states with similar legislation became 21. The wide recognition of the utility of these measures led to the passing of the Perishable Agricultural
Commodities Act by the Federal Government in 1930. This requires all market functionaries commission men. Merchants and brokers dealing with perishable products in interstate commerce to obtain a license from the secretary of agriculture and to get it renewed annually. Further, to ensure fair trading, the Federal Trade Commission passes 'Cease and Desist' orders in hundred every year.

Other marketing legislation:

During the inter-War years almost every facet of British farming came within the sphere of state regimentation. Laws were passed to control fertilizers, feeding-stuffs, animal diseases, drainage, plant pests, housing and credit. Of greater importance to agricultural marketing were; the British Sugar (Subsidy) Acts 1925, 1931 and 1934, the Sugar Industry (Reorganization) Act 1936, the British Finance Act 1925, 1928 and 1932, the import Duties Act 1932, the Agricultural Produce (Grading and Marketing) Act 1928, the Wheat Act 1931, the Cattle Industry Act 1934, the Livestock Industry Act 1937 and the Agricultural Development Act 1939. Under these Acts, commodity commissions were set up for sugar, wheat, livestock and bacon. These were Government appointed semi-independent organizations for administering exchequer subsidies or other financial assistance for enhancing the production of the commodity to which they related.

Specific Acts relating to marketing were passed in 1931 and 1933, aiming at a happy combination of State control and producers initiative and co-operation. Except for two co-opted members, all others have to be elected by producers directly or through an electoral body.

These producer controlled Boards” have been given regulatory and trading powers as well as the power to encourage agricultural co-operation, research and education. To safeguard the interests of consumers, provisions
were made for the setting up of consumers’ committee. Finally, it was also provided that a scheme could be revoked as a result of a poll to be held after a certain period or by the minister, if he considers it against public interest.

Following the Lucas Report on the Agricultural Marketing Acts, the Agricultural Marketing Act of 1949 was passed. This act has made some amendments in the provisions for the composition of the Boards and imposition of penalties and confers more powers on the Boards, specially, for manufacturing, selling and for rendering services in connection with grading, packing, production and storing of regulated commodities. The act also provides for committees of investigation to deal with the obligations of a board to the Minister’s directions.

During the War & Post-war years agriculture was closely regulated mostly by orders under the Emergency Powers (Defence) Act 1939. Some new legislation, however, also continued. Chief among this were the Agricultural Wages Regulation Amendment Act 1940 providing for a national minimum wage and the Agricultural Act (No.II) of 1940 extending the grants for drainage and other measures for raising efficiency. Some other Acts containing short-term provisions and amendments were also passed.

In the post-war period, there has been an increasing emphasis on augmenting home production of foodstuffs and marketing reform has been the main instrument for achieving this end. The minister of Agriculture stated in the House of Commons in November, 1945 that the objective of government policy was to promote a healthy and efficient agriculture, capable of producing that part of the nation’s food which is required from home sources at the lowest price consistent with the provision of adequate remuneration and decent living conditions for farmers and workers, with a reasonable return on capital invested. The Agricultural Act of 1947, which
was passed in implementation of this policy, instituted unprecedented control which has had far-reaching effects over the entire field of agriculture. It lays down a number of provisions to ensure that owners of agricultural lands and farmers fulfill their duty in respect of good management and husbandry and gives power to the Minister to acquire land compulsorily in the interests of efficient farming. In marketing, it puts on a statutory basis the war-time policy of assuring a fair and stable return to the producer by guaranteeing both prices and markets for the major agricultural products. An annual review is held of the economic condition and prospects of the agricultural industry. In the light of this review, price guarantees are determined for livestock and livestock products for the next year and for crops to be harvested in the year following that in which the reviews are held. The products included are: wheat, barley, oats, rye, potatoes, sugar beet, fat stock, milk, eggs and wool (since 1950 only).

Thirdly, this Act made certain modifications in the existing landlord-tenant relationship so that both discharge their respective responsibilities in regard to good husbandry. Provisions have been made for compensation by the landlord to the tenant for improvements and tenant rights and by the tenant to the landlord for dilapidations and any other deterioration.

Finally, there are provisions for administrative organization to carry out the general policy, for the collection of agricultural statistics, for the power of acquisition and management of land by the Government for the continuance of certain grants. Consequently, several originations have been set up. Viz. Agricultural land commission, country agricultural executive committee, agricultural land tribunals, etc.

In the following is given a brief account of the operation of different marketing boards up to the outbreak of the Second World War, followed by
description of the different commodity commissions, which emerged before 1939.

Marketing Boards:

1) The Hops marketing scheme:

The hops marketing scheme, introduced in 1932 and applying to England, was the only one to operate through the second war. The marketing board was given full control of the entire crop, which takes three years to bear fruit causing an amount of variation in the needs between planting and harvesting. The only market for hops is the brewing industry which uses them to flavor beer; and then, they represent only one per cent of the final cost of beer. Hops, moreover, have no other commercial use. In the circumstances, a little excess supply led to considerable fall in prices of hops and consequent hardship to the producers. Under the provisions of the marketing board, it was obliged to accept all hops offered to it, provided they were offered before a certain date. The board was empowered to fix the price; after meeting the Board’s costs it would distribute the proceeds of sales to the producers in proportion to the hops supplied by them. The board controlled the supply of hops by means of basic and annual quotas. Basic quota would be allowed to the farmers on the basis of production in weight during 1928-32. the annual quota represented a percentage of basic quota to be determined by the board after estimating the year’s demand from brewers and for export market. The annual quota was freely interchangeable in between registered farmers at a negotiated price. In case of higher annual quota, payment for basic quota from all producers was to be given priority over the payment for the excess over basic quota. The board and the Brewers society arrived at the year’s estimated demand though the instrument of a permanent joint committee on which both were represented by four members.
each together with three nominees of the Minister as impartial members. All
decisions regarding demand, supply and price were taken through this
committee. It may be noted that an undertaking by the brewers to limit their
imports of foregone hops to 15 percent of the estimated total demand,
formed part of the agreement between the board and the Brewer society; in
case of failure of home producers to supply the annual quota, the restriction
would be rescinded. The Board was apparently successful in solving the
major problems faced by the hop producers before its formation. Its working
resulted in steady acreage’s and stabilized supply; through its quota system it
guaranteed the growers an assured market. It is to be noted that the board
operated though allocation of needed supply of not via price; the board,
however, held a virtual monopoly in supply of hops to brewers and this
constituted its strength in bargaining with them.

2) The Potato marketing scheme:

The potato marketing scheme, applicable to Great Britain, was
inaugurated in 1934. It was meant to tackle situations arising out of variable
output from year to year owing to change in acreage and to fluctuations in
yield. Before the potato scheme came into force the acreage varied from
575,000 in 1931-32 to 671,000 in 1999-34; corresponding yields were 5.5
tons and 6.8 tons per acre respectively. Evidently, the output varied
considerably. The imports of potatoes, forming between 9 and 16 per cent to
total supplies, occasionally aggravated the situation in these years. It was
further observed that the demand for potatoes did not rise substantially when
prices dropped. These were generally the problems; the board was faced
with, when the scheme was commissioned.
3) **The Milk operating scheme:**

While one scheme covered England and Wales there were three schemes covering parts of Scotland. All of them were introduced in 1933 and 1934. The marketing boards for the different areas, operating largely on the similar lines, comprised representatives of producers and of members co-opted after consultation with the market supply committee. The features of circumstances faced by the Milk Boards were (i) milk demand over the year would be fairly constant while the supply would vary in different seasons (ii) liquid milk supply would have to be possible (iii) as against liquid milk there would be imported supplies of milk products; and (iv) costs of feed for milk cattle would be high in winter than those in spring and summer when fresh grass is available. The aim of milk producers would be to sell as much liquid as possible as the prices of liquid milk would be much higher than those of milk products for which there would be competition from imported supplies.

**Salient features of the present Act:**

Legislation generally covers all agricultural as well as horticultural produce, live stock and livestock products and forest products. In Madras state in parts of Andhra Pradesh and in parts of Kerala’ where the Madras Commercial Crops markets Act, 1933, is in force, commodities covered till recently included only commercial crops such as cotton, groundnut, tobacco, gingerly and turmeric. In pursuance of the recommendation of the expert-committee, on the Review of the Madras Commercial Crops Markets Act, 1933, the Madras Agricultural Produce Markets. Act was enacted in 1959; this Act covers all agricultural produce which includes anything produced in the course of agricultural and any other produce. Whether processed or unprocessed declared by the Government by notification, to be an agricultural produce for the purposes of this Act.
Although legislation provides for regulation of all types of products, in actual practice, only important commodities of a particular market have been so far brought within the purview of the Act. The regulated markets enquiry committee in the Mysore state was of the opinion that the application of the Act should be extended to all the agricultural commodities dealt with in a particular market. "as this would not only be helpful in making the regulated market self-supporting but also in preventing venting the unscrupulous market functionaries from putting undue pressure on growers in respect of commodities which have not been brought under the purview of the Act. The export Committee on the Review of the Bombay Agricultural Produce markets Act, 1939, however, was not in favor of bringing too many commodities under the purview of the legislation as, according to them, this would aggravate the difficulties in connection with the administration of the Act; the committee pointed out that even some of the more important crops which were included in the schedule were not regulated.

Under the Acts, the state Government is authorized to establish a market committee for every notified area to enforce the provisions contained in the Acts and rules and bye-laws made there under. The no. of members in a market committee varies from 8 to 16 from State to State.

The various interests represented on the market committee include agriculturists, traders, local bodies, cooperative marketing society and Government. Under the Punjab Act, the representatives of agriculturists are in absolute majority. In all the other states, except in erstwhile Madhya Bharat, representatives of agriculturists are in majority after excluding official nominees next in order of importance are representatives of trade whose no. varies between 2 and 6. The no. of official nominees does not exceed 3 in any State.
In two states, viz., Madras and Madhya Pradesh, there is a provision in the Act for entrusting management of regulated markets to co-operative marketing societies. The Madras Act lays down under sub-section 2(b) of Section 5, that “If, on considering the remarks of the Registrar... the Government are satisfied that the co-operative marketing society may fulfill the offer, they may, by order, direct the co-operative marketing society to establish a market committee for the notified area concerned.”

“Under this Act, the state Government has assumed the power to frame rules for affording facilities for settlement of debts charged on notified agricultural produce.” Under this provision though no rules have so far been notified, the intention is to frame a rule to the effect that if a requisition has been received from a co-operative credit society in the notified area for the recovery of any amount due to it from the seller of notified agricultural produce at the regulated market, the marketing committee or its duly authorized agent shall require the buyer to remit the amount due to the society to the market committee and pay only the balance of the sale proceeds to the seller, and the market committee or its duly authorized agent shall remit the amount so recovered to the co-operative society in such a manner as may be specified. in other words, the responsibility for recovering co-operative production loans from sale proceeds of the crop may be placed not only on co-operative marketing societies but also on other traders functioning in the regulated markets.

At Madhya Pradesh, the management of one regulated market viz., Amaravati was entrusted to co-operatives. In Bihar and Rajashthan states, local marketing co-operatives are authorized to have their representatives on the market committees. Under Section 6(1) of Bombay Act also, one seat on the market committee is reserved for co-operative marketing societies. It may be noted that the committee of direction of the All-India Rural Credit
Survey, 1951-52, had strongly urged that "as long as a regulated market continues to be managed as at present, i.e., by a market committee, etc., under the existing law, provision should be made for the nomination on the committee of one or two representatives of the co-operative marketing and banking institutions, if any of the locality. However, this feature does not seem to have been introduced in marketing legislation of majority of states.

The principal aim in regulating agricultural produce market is to remove malpractices in the market and to ensure a fair deal to producers. In the unregulated markets, the usual modes of sale transactions are: (i) Sales under cover, (ii) Auction System, (iii) Open Bid or Private Agreement and (iv) Tender System. In order to eliminate the unfair practices, legislation generally envisages sale by open auction.

Legislation in different states has also provided for licencing of market functionaries. In parts of Andhra Pradesh, where the Hyderabad Agricultural Markets Act is in force, the market committee is empowered to issue licences to workers, weignment, measurers or warehousemen on their agreeing, to conform to the conditions laid down in the Act. The traders and adatiyas are also registered. Under the Bihar act, in the controlled areas warehousemen, traders, brokers, commission agents or similar other intermediary merchants must have a licence to carry on business. The Bombay Act lays down that the market committee may issue licences, in accordance with the rules, to trader's commission agents, brokers, weighmen, measurers, surveyors, warehousemen and other market functionaries. Under the Madras Act of 1933, the collectors of the districts concerned are empowered to grant licenses to traders. They could refuse licenses only on specified grounds. The market committee licenses all weighmen and brokers under the powers vested in it by the rules. The expert committee of Mardras was of the view that, instead of the collector, the
market committee should be empowered to grant licences to traders also. The Madras Agricultural Produce Markets "Act, 1959, has vested the power to grant licences in the market committee. Before issuing licences, the market committee insists on an agreement that the licensee should agree to abide by the Act and rules framed there under, and pay the prescribed fees.

As the market functionaries in the unregulated markets charge exorbitant rates of allowances (trade allowances), the legislation in different states specifies that no allowance, other than an allowance prescribed under the rules or bye-laws made under the Act, shall be made or received in a notified area by any person in any transaction in respect of the regulated crops.

Legislation in most of the states further make provisions for the settlement of disputes according to which all disputes between a buyer and a seller of agricultural produce regarding the quality or weight of agricultural produce, the price or rate to be paid, the allowances or deductions for any cause should be referred to the market committee or the arbitrator appointed by it. the decision given by the committee or the arbitrator treated as final. In some states, the market committee appoints a sub-committee and refers the disputes to it. such sub-committee called the disputes sub-committee under the Bombay Act, consists, of one nominated member (Chairman of the Sub committee) and one representative each of agriculturist, traders and local authorities.

Apart from the important provisions discussed so far there are other provisions in the rules made under these acts such as those relating to an agreement between a buyer and a seller, prescription of books and accounts. To be kept by traders, commission agents and other functionaries, use of
correct weights and measures, fees to be levied by the market committees, etc. Penalties also have been laid down for the violation of these rules.

Table No- 3.1.1 Chart of the Agricultural Produce Market Committee

Acts in India.

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Name of the State / U.T.</th>
<th>The Act in Force</th>
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<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>The Andhra Pradesh Agricultural Produce and live stock Market Act 1966</td>
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<td>2.</td>
<td>Assam</td>
<td>The Assam A.P.M. Act 1972</td>
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<td>3.</td>
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<td>The Bihar A.P.M. Act 1960</td>
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<td>4.</td>
<td>Gujrat</td>
<td>The Gujrat A.P.M. Act 1963</td>
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<td>5.</td>
<td>Haryana</td>
<td>The Punjab A.P.M. Act 1961</td>
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<td>6.</td>
<td>Himachal Pradesh</td>
<td>The Himachal Pradesh A.P.M. Act 1969</td>
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<td>7.</td>
<td>Karnataka</td>
<td>The Karnataka A.P.M. Act 1969</td>
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<td>8.</td>
<td>Madhya Pradesh</td>
<td>The M.P. Krishi Upaj Mandi Adhiniyam 19721960</td>
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<td>9.</td>
<td>Maharashtra</td>
<td>The Maharashtra A.P.M. Act 1963</td>
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<td>10.</td>
<td>Manipur</td>
<td>The Bihar A.P.M. Act 1980</td>
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<td>11.</td>
<td>Meghalaya</td>
<td>The Meghalaya A.P.M. Act 1980</td>
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<td>The Orissa A.P.M. Act 1980</td>
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<td>14.</td>
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<td>The Rajasthan A.P.M. Act 1961</td>
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<td>15.</td>
<td>Tamilnadu</td>
<td>The Tamilnadu A.P.M. Act 1959</td>
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The researcher aims at taking a brief review of the amendments in the Acts of Agricultural Produce Market Committees in India. Their salient features are reviewed as below:

### 3.2 The Berar Cotton and Grain Market Law, 1897

A special law was enacted in Berar, and then known as “The Hyderabad assigned district” in 1897. It was the first law in the country, which provided the basis for subsequent regulation of markets all over the country. Subsequent market Acts, wherever passed, have virtually been based on these principles embodied in it. The salient features of this law were:

(i) All the then existing markets on the date of enforcement of the law came under its fold;

<table>
<thead>
<tr>
<th>No.</th>
<th>State</th>
<th>Act</th>
</tr>
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<tbody>
<tr>
<td>16</td>
<td>Utter Pradesh</td>
<td>The Utter Pradesh A.P.M. Act, 1964</td>
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<td>17</td>
<td>Tripura</td>
<td>The Tripura A.P.M. Act, 1979</td>
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<td>West Bengal</td>
<td>The West Bengal A.P.M. Act, 1972</td>
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<td>The Punjab A.P.M. Act, 1961</td>
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<td>The Maharashtra A.P.M. &amp; Diu Act, 1963</td>
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<td>24</td>
<td>Nagaland</td>
<td>The Nagland A.P.M. Act, 1985</td>
</tr>
</tbody>
</table>

Source: Agricultural Marketing 1990
(ii) The resident authority was empowered to declare any additional markets for the sale of agricultural produce.

(iii) The commissioner was to appoint a committee of five members—two representing the municipal authority concerned and the remaining three from the cotton traders— for enforcing the law.

(iv) The committee was authorized to appoint sub-committees from amongst its members for the conduct of any work relating to regulation;

(v) Trade allowances were prohibited;

(vi) Market functionaries were required to take out licenses;

(vii) The Resident was empowered to make rules relating to some specific matters.

(viii) Unauthorized markets and bazaars were banned within the radius of five miles of the notified market bazaar and

(ix) Penalties for beach of the law were laid down.

These provisions were made considering the socio-economic conditions then prevailing in the country. The significance of these provisions is that the Central Cotton committee appointed by the Government of India in 1917 recognized the necessity of adopting these provisions to reform the primary level of marketing and put recommendations in its report accordingly.
Limitations of the law:

Inspire of the provisions made in the law, following limitations are observed.

1) It provided no representation to the producer-agriculturists on the committee;

2) Markets were established only for cotton, though the Act provided for the regulation of all agricultural produce.

3) No independent machinery for the settlement of disputes between the seller and the buyer existed.

4) The Royal Commission on Agriculture (1928) criticized the policy of donating surplus funds of the market to the municipalities in which it was located.

3.3 The Indian Cotton Market Committee, 1917

This committee was appointed by the Governor General-in-Council to evaluate the conditions of the then existing cotton markets in India. The committee had observed that, in most cases, the cotton growers were selling cotton to a village trader-cum-money lender, under whose financial obligations they were seriously handicapped in securing fair price for their produce. The committee, therefore, recommended that markets for cotton on Berar system should be established in other provinces also. It received wider recognition after the Royal Commission on Agriculture in 1928, and further by the planning commission in its report on the “First Five Year Plan”.

3.4 The Bombay Cotton Market Act, 1927

The Government of Bombay presidency was the first to implement the recommendations of Indian Cotton Market Committee (1917) by enacting
the Bombay Cotton market Act in 1927. This was an improvement upon the Berar Cotton and Grain Market law of 1897. It provided for:

(i) The establishment of markets for ginned and unginned cotton.

(ii) The notification of a cotton market by the local government either after consulting the local authorities as they deemed necessary or upon a representation made by the district local board.

(iii) The constitution of Market Committee by the District Collector. This market committee had to function as a body-corporate. On this committee, majority of representatives of cotton growers were to be appointed.

(iv) The appointment of a disputed sub-committee.

(v) The ban on any trade allowances not recognized under the rules or the bye-laws under the Act.

(vi) The levy of market fees and

(vii) The exercise by the collector of administrative control on the committee.

But the progress under the Act was very slow, mainly, because the process of obtaining necessary resolutions from the district local boards, municipalities and other bodies was quite lengthy.

3.5 The Royal Commission on Agriculture, 1928

The progress of the APMCs in India under the Bombay Cotton Markets Act, 1927 was very slow. At the time, the Royal Commission on Agriculture investigated the whole question. There were APMCs only in the central provinces. While wholeheartedly endorsing the principles underlying the Berar Act and welcoming the improvements embodied in the Bombay
Cotton Market Act of 1927, the Commission made some recommendations to the functioning and constitution of the APMCs.

It Recommends:-

(a) That the APMCs be established in all provinces in order to facilitate the marketing of all types of agricultural produce,

(b) That the Market Committees everywhere should be under a single all-pervading provincial legislation,

(c) That the municipalities and district boards should be kept out of the management of these markets as several difficulties such as location, revenue etc. would arise, if the management of these markets is left to the local boards, and such difficulties were faced by the market committees in the central province.

(d) That the markets controlled by the local boards should automatically cease to function as soon as APMCs came into existence.

(e) That the initial expenditure on land and building incurred for starting such markets should be met from a loan out of provincial revenues.

(f) That half of the members of the market committees should be from amongst the cultivators, and the committee should also include an officer of the agriculture department to protect the interest of the growers.

(g) That the licensed brokers should be prohibited to stand for election from grower’s constituency.

(h) That provision should be made for representation of the co-operative societies in the area served by the market.
(i) That the committee should be empowered to elect its own chairman and vice-chairman.

(j) That provision should be made for a machinery to settle disputes in the form of panchayats or the board of arbitrators.

(k) That the market committee should see that its members are well-informed about the market conditions, daily;

(l) That action should be taken to prevent brokers in the APMCs from acting as both buyers and sellers as in all such cases, the broker had a "natural predilection in favor of the buyers." The commission held very strong opinion on this point. It, conclusively, remarks, "We would suggest that the license of any broker found contravening the provision, should be canceled for the season and on the repetition of the offence cancelled permanently"

(m) Adequate storage facilities in the market yards; and

(n) Standardization of weights and measures.

It will be quite clear from the foregoing recommendations that the commission was quite alive to the problems of agricultural marketing in India and made many valuable suggestions for facilitating the proper growth of APMCs. Accepting the recommendations of the commission, the Government of India, as also the state Government, set up organizations to look after the problems of the marketing of agricultural produce. The establishment of this commission and the acceptance of the recommendations became the turning point in the history of agricultural marketing. A no. of states have enacted regulated market acts, thereafter.

In Maharashtra the following Acts were passed since 1930 in different parts of the state:
(1) Hyderabad Agricultural Produce Market Act, 1930
(2) Central Provinces Cotton Market Act, 1932.
(3) Central Provinces Agricultural Produce Market Act, 1935
(4) Bombay Agricultural Produce Market Act, 1932

The Acts were suitable and in commensurate with the then prevailing situation in the state. They had to be modified in accordance with the changes in situation of the state and society. With the reorganization of the state in 1956, more than one act became operative, simultaneously, in different regions of reorganized states. This, obviously, called for unification of market laws. Most of the reorganized states, thereafter, enacted legislation for this purpose. A few of the others states having no such legislations for their respective states.

3.6 The Maharashtra Agricultural Produce Marketing (Regulation) Act, 1963

The work of unification of various market laws of the state began soon after the formation of the Maharashtra state on 1st May 1960. But this process took five years and finally the present act came into force from 25th May 1967, though the Act received the assent of the Governor on 30th April 1964.

Objective of the law:

The objectives of this law are as following. Its important objective is to establish market committees to conduct and regulate the business of sale and purchase of agriculture products, vegetables and fruits. The other objectives include the regulation of sale-purchase business, to authorize the committees to perform other functions, to raise market funds and make provisions out of that.
(1) To regularize the purchase-sale business of agri-products.

(2) To establish committees for that and to authorize them.

   (1) Compulsion to all market functionaries to get permission from the committee.

   (2) Clear definition of market area and prohibition of transaction outside market place.

   (3) To give appropriate price of agri-product to the farmer, to eliminate the custom of deduction on charity and other expenses-deficit, decrease.

   (4) Use of correct and standard weigh-scales and prohibited without licensee.

   (5) To fix charges for product sale of farmers, commission, market fees etc.

   (6) To arrange to issue payments within 24 hours of product sale, compulsion to give sales price and detailed accounts.

   (7) Solution of the problems related to product quality, weight, price-establishment of a redressal committee.

   (8) Propagation of the information related to daily input of the agri-products, market rate, and etc-market intelligence.

   (9) Representative nature of market committees-representation to farmers and traders on the market committees.

   (10) Govt. control over the functionaries of market committees.
(11) To create facilities to farmers, traders, labours and animals in the market area, fore, light, water, sanitation, residence, shades, hospital

(12) To create standardization procedure for the quality fixation and standardization of agri-products.

(13) To undertake welfare works like laboratories, implementation of assured rates for farmers and.

(14) To work for the benefit of the traders and farmers by regulating the production and sale procedure.

(15) To deduct from agri product sale for co operative loans.

(16) To co-operate with the welfare schemes for the labours, coolies.

(17) To sue the income mostly for the facilitation of agri-product sale.

(18) To prepare annual budget and to regulate expenses of employees.

Table No- 3.6.1 Chapters and Sections of the Act

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<th>Chapter No.</th>
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<td>The market Committee; Power &amp; duties</td>
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The list of amendments made from time to time is outlined in brief as follows:

**Year 1970; (Act No.23):**

(a) “Processor” processing his own produce was not required to obtain licence as per previous provision. But now licence is essential for all processors of agricultural produce.

(b) Agriculturists selling agricultural produce (except retail sale) were required to sell on the specified market yard. However, such a ban on agriculturists has been removed.

(c) The no of member of Market Committee increased from 15 to 18. The member of Agriculturist members increased from 7 to 10. Agriculturist members are to be elected by the members of managing
committee of the Agriculture Credit Co-operative and 
Grampanchayats of the market area.

(d) Any person engaged in industries being un without the aid of 
machinery or labour are exempted from levy of market fee on the 
purchase of agricultural goods.

(e) Agriculturist and market committees are able to recover any sum due 
to them from traders in the same manner as an arrear of land revenue. 
The state Government also is able to recover every sum due from a 
market committee in the same manner. Any disputed question shall be 
referred to and decided by the tribunal appointed by the Government.

This amended act was published in official Gazette on 4-9-1970

Year 1972; (Act No.26)

The provision was made under section 34A for changing of cost of 
supervision by the state Government up to five paise per hundred rupees of 
the purchases price of the agricultural produce.

Year 1973; (Act No.39)

Disputes regarding agricultural marketing were to be settled by 
dispute sub-committee, consisting only of members from amongst the 
members of the market committee itself. Outsiders were not allowed to be on 
such a dispute sub-committee. However, by the amendment made in this 
year, any one expert in agricultural marketing is to be nominated as a 
member of the dispute sub-committee by the Director of Agricultural 
Marketing. This amended act came in to force on 24-9-1973.
A separate market Committee for Greater Bombay and Turbhe villae of Thane district was constituted by inserting sub-section 1A to section 1B of the Act. The committee consisted of eighteen members, such as:

(i) Twelve representatives of agriculturists elected by the agriculturist members of the other APMCs in the state, two such members to be elected from each revenue division;

(ii) Two representatives, elected by the traders and commission agents, holding licences to operate as such in the Bombay market area;

(iii) One representative of the municipal corporation of Greater Bombay.

(iv) The metropolitan commissioner of Bombay;

(v) The Managing Director of the Maharashtra state co-operative marketing federation limited, Bombay or his nominee; and

(vi) The Director of Agricultural marketing, or his representatives.

The tenure of elected members of the committee was amended to 5 years instead of 3 years. It was provided that the purchasers of agricultural produce are required to deduct any amount of co-operative dues from producer-sellers payment and pay it to the market committee in the prescribed manner.

(a) The committee was given the status of a local autonomous body like municipality, grampanchayat etc.
(b) State Agricultural Produce marketing Board was constituted under section 39-A of the Act.

**Year 1987 (Act No.27)**

This amended Act came into force on 1-10-1987

(a) The no. of members of the committee representing traders and commission agents was reduced from three to two.

(b) One elected member of hamals and weighmen was given representation on the market committee.

(c) The chairman and vice-chairman of the committee should be either nominated or elected from amongst the agriculturist members.

**Agricultural Produce Marketing (Regulation) Act & rules (as Amendment up to 31st December, 2003):**

The APMC Act & rules are amended till Dec.2003 by the following amending Acts.


58(2) every voter shall have as many votes as there are members to be elected in the respective constituency but he shall not have more than one vote for one candidate.

The constitution of the Market committee is slightly changed by the amending Act of 2000 where by a 2 women agriculturist members out of which two are women to be elected out of agriculturist to be elected by the
constituency of members of co-operative societies. Co-operative society’s constituency has to elect 5 members of which 2 will be women members. The village panchayat agriculturist constituency has to elect 4 member out of which one will be from scheduled castes and scheduled tribes and one from economically backward class.

It must be noted here that the chairman of the processing society, chairman of the Panchayat samiti, and secretary of the market committee have a right of discussion but have no right to vote on any motion.

The amending act No.13 of 2003 has moved into a direction of facilitating the agricultural produce to be exported or to yield better prices for their produce.

Thus specifically directed efforts are being made to enable the agriculturist to get better prices for their produce.

The Amending Act No.11 of 2003 has amended the following sections.

(1) S.2 definitions of the words after words pisciculture the word fisheries is added.

(2) S.6 – Requirement of space to be produced to the agriculturist to enable then to sell the provided directly to the buyers if they so desire.

(3) S. 10- regarding the question of dispute.

(4) S.12 – Classification to be made by the director on the basis of turnover.

(5) S.13- Regarding constitution of market committee certain change.

(6) S.14- Return of market committee election.
(7) S.14 A0 Regarding election fund. The percentage to be contributed is 2% and max. Rs. Ten Thousand.

(8) S.18 – Regarding if any vacancy occurs provision.

(9) S.24 – Re absence of chairman and vice -chairman for that specified the effects in new section 27 Re provision of an annual general meeting. The balance sheet, working etc. to be placed before the meeting.

(10) S. 32A – Amended.

(11) New S.32E- added to prevent the misuse of the leased premises etc.

(12) S.37 amended regarding purchase of Agr. Produce at the rate stipulated by guarantee etc.

(13) S.39 B- Regarding dispute committee its formation etc.

(14) Amendment of 39 J for training of the member of APMC.

(15) Amendment of S.44.

(16) Amendment of S.45 for appointment of administrator etc.

(17) Amendment of 46 & 52 Penalty etc. raised to Rs.5000/-

(18) S.60- amendment classification of market committee.

**Amendments:**

1. In section 13 of the principal Act, in Sub section (1) – (a) for clause (a) the following clause shall be substituted, namely.

   (b)Two shall be elected by traders and commission agents, holding licences for not less than two years to operate as such in the market area.”

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(c) For clause (g) the following clause shall be inserted, namely

(g) The secretary of the market committee, who shall have no right to vote

“(d) After clause (g) the following clause shall be inserted namely:

“(1-a). A person who is a member of the market committee under clauses (c), (d) and (e) shall have a right to take part in the discussions of the Committee, but shall have no right to take part in the discussions of the committee, but shall have no right to vote at a meeting thereof”

2. For section 18 of the principal Act, the following sections shall be substituted, namely:-

“18 Casual vacancy: In the event of a vacancy occurring on account of death, resignation or removal of a member, or an account of a member becoming incapable of acting as a member of otherwise, the market committee shall fill up.

The vacancy by co-opting a person eligible for being elected as a member: Provided that, the no. of such co-opted members shall not exceed two at any time in market committee and any vacancy thereafter shall be filled by the election;

Provided further that, if the vacancy occurs within six months proceeding the date on which the term of office of the member expires, the vacancy shall, unless the state Government directs otherwise, not be filled.”

3. In section 14A of the principal Act, in Sub-section (1), -

(a) For the words “five percent” the words “two percent” shall be substituted;
(b) For the words “two thousand” the words “ten thousand” shall be substituted.

(c) The following proviso shall be added, namely:-

“Provided that, if for want of election fund is not possible for any Market Committee to hold that elections of such Market Committee the Maharashtra state agricultural marketing board shall provide such fund to the collector, to enable him to conduct the election of such market committee shall reimburse the Collector the expenditure incurred by him for holding of such elections and if it fails to so reimburse the Collector, within one year from the date of election, such market Committee shall on the expiry of the said period stand dissolved. Provided that the period of one year for reimbursing the election expenditure to the collector may be extended by the director, for sufficient reasons, to be recorded in writing for a further period not exceeding one year.”

4. In Section 32A of the principal Act, in sub-section(3), for the portion beginning with the words “Any officer and ending with the words “has reason to believe” the following portion shall be substituted namely-

“The registrar appointed under the Maharashtra Co-operative Societies Act, 1960 or any subordinate officer not below the rank of the assistant registrar; and the secretary, joint secretary or deputy secretary of the market committee (hereinafter referred to as “the authorized officer”) has reason to believe”

5. (2) If for any reason any person, co-operative society or its managing committee or a panchayat samiti or Local authority fails to elect any members, the director shall give notice in writing to
(1) In clause (i), for the words “the Minister for co-operation” the words “the Minister in charge of marketing” shall be substituted;

(2) in clause (ii) for the words “the Minister of state for co-operation” the words “the Minister of State in charge of marketing” shall be substituted.

6. (1) This Act may be called the Maharashtra Agricultural produce Marketing (regulation) (Amendment) Act.2001

(2) In section 2 of Maharashtra Agricultural produce marketing (Regulation) Act. 1963 (hereinafter referred to (as the “Principal Act”) “as” the “Principal Act”) in sub section (1) in clause (a) after the word “psiciculture” the word “fisheries” shall be inserted.

7. In section 6 of the Principal Act, after sub-section (2), the following sub section shall be added, namely:-

“(3) Every market committee shall reserve sufficient space in the market area of its principal and subsidiary markets for the agriculturists to enable them to sell their own agricultural produce directly to the consumers without the help of intermediaries and shall also look after the maintenance of such space.”

8. In section 12 of the principal Act, after sub section (2), the director, subject to the guide lines prescribed, considering the volume and nature of the turnover for the purpose of laying down the norms for staff schedule, establishment expenditure, other expenses and allowances.”

9. In section 45 of the Principal Act, in Sub section (2); the following proviso shall be added namely:-

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“Provided that, the person appointed as an administrator under clause (c) for carrying out of the functions of the market committee shall, within the period of six months from assuming the charge ensure that the elections to the market Committee are held within that period. If such person fails to hold the elections within the said period the director may, after satisfying himself about proper justification for not holding elections, grant extension of not more than six months, for enabling the Administrator to hold such election.”

10. In section 46 of the principal Act, for the words “five hundred rupees” the words “Five thousand rupees” shall be substituted.

11. In section 52A of the Principal Act, for the words “two hundred rupees” the words “five hundred rupees” shall be substituted.

12. In section 52A of the Principal Act, after sub section (1), the following sub section shall be inserted, namely:-

“(1A) the director may accept from any, person who has committed or is reasonably suspected of having committed an offence in contravention of section 6 or the rules or by-laws made there under a sum of money not exceeding rupees ten thousand by way of compounding such offence. The amount so accepted shall be credited with the Government treasury, when and offence has been compounded, the offender, if in the custody, shall be discharged and no further proceedings shall be taken against him in respect of the offence compounded.

13. In section 39B of the principal Act, -

(a) For clause (ii) the following clause shall be substituted, namely:-
"The secretary to the Government co-operation and textiles department in charge of marketing—ex-office member "(a) After clause (ii) the following clause shall be inserted namely:-

"(ii-a) the secretary to the Government .... Ex-office member"

"(b) In clause (IV) for the word “the Director of Agriculture Maharashtra State Pune” the words “the Commissioner of Agriculture Maharashtra State Pune” shall be substituted:

(c) In clause (vii) for the words “members not exceeding six to be nominated by the state Government from amongst the Chairman of the market committees, one each from the six revenue divisions” the words “six members one each from the revenue divisions to be elected from amongst the Chairman of the market Committees in respective revenue divisions” shall be substituted.

14. In section 39J of the principal Act, after clause (viii), the following clause shall be inserted, namely:-

(Viiia) To arrange for training to the members as well as to the employees of the market committee.

15. In section 44 of Principal Act, in sub section (1), after the words “produce in any market area” the words “(and for ensuring the economic viability of the Market Committee) shall be inserted.

16. Committee and in the absence of both, the person elected by the members present at the meeting shall preside over the meeting.

(4) At every annual general meeting, the balance sheet, income and expenditure accounts, audit memorandum audited by the statutory auditor and the market committee’s annual report shall be placed for
discussion and such other business as may be prescribed on the working of the market committee may also be transacted.

(5) One fifth of the total no. of members of the market Committee shall form the quorum.

(6) In case there is no quorum, for the general meeting, it shall be adjourned to a later hour on the same day and same place as may have been specified in the notice calling the general meeting and at such adjourned meeting, the business on the agenda of the original meeting shall be transected whether there is quorum or not.”

(7) If, in the annual general meeting any invitee has made any suggestion or raised any objection, the market committee shall send its explanation on such suggestion on objection to the invitee, within three months from the date of such annual general meeting.

17 In section 37 of the principal Act, after clause (u) the following Clauses shall be inserted namely:-

“(u-1) The expenses for prevention of distress sale of agricultural produce as well as to prevent purchases of agricultural produce in the market area below the minimum support price fixed by the Government of making purchases and sale of the agricultural produce during the strike of market functionaries or otherwise in the market area to the extent of fifty percent of the average of surplus earned during the last three years:

(u2) The expenses for opening temporary shops and retail outlets for carrying out the retail marketing;
(u3) The expenses for creation of infrastructure for exporting agricultural produce and carrying out extension work in improved technology in agriculture production, within the ceiling mentioned in clause (u1);

(u4) The expenses for creating facilities in the market area for grading, cleaning, packing, processing, storage, warehousing (including cold storage) and transport from farms to the market area and from market area to the rail head “sea port or air port.

18. In section 14 of the principal Act, -

“(a) In sub section (3),

(i) The following provision shall be inserted, namely:-

“Provided that, the market committee constituted for the first time may be replaced by the Government and the new committee so replaced shall hold office for the remainder of the period.”

(ii) In the existing proviso for the words “Provided that “the words” Provided further that” shall be substituted.

19) After sub-section (3), the following sub section shall be inserted, namely:-

(3A) Where due to scarcity, draught, flood, fire, or any other natural calamity or rainy season or any other election programme of the State Legislature or the Parliament or a local authority. Coinciding with the election programs of any market committee or such other special reason, in the opinion of the state Government, it is not in the public interest to hold elections to any market committee, the state Government may, not withstanding anything contained in this act or in
any rules, or bye law made thereunder, or any other law for the times being in force, for reasons to be recorded in writing, by general or special order, postpone the election of any market committee for a period not exceeding six months at a time which period may further be extended so however, that the total period shall not exceed one year in the aggregate.

20. 27A (1) Notwithstanding anything contained in section 27, every market committee other than the Bombay Agricultural Produce Market Committee shall, within a period of six months next after the close of every financial year call an annual general meeting of its members and invitees.

**Salient features of the present Act:**

The Salient features of the present Act, after study and review, are presented below:

(i) Every declared agricultural produce has to be sold by open public auction. However, the director may permit, in exceptional cases, sale thereof by tender system or by sample or by open agreement. It means that under cover system of sale by secret signs became irregular.

(ii) Adulteration by any person, of declared agricultural produce is banned.

(iii) Immediate payment of sale of agricultural produce should be made to producer-seller, after weighment or measurement is made. Such payment has to be made within maximum 24 hours since weighment of measurement.

(iv) Trade allowances of any kind or nature in respect of any agricultural produce are prohibited. The concerned person shall, on conviction be
punished with imprisonment for a term which may extend to three months or with fine which may extend to Rs.500 or both.

(v) Commission agent, holding a trader licence is prevented from purchasing any declared agricultural produce for the sale of which he has been appointed as a commission agent. However, upon insistence by seller of immediate sale, where no other purchaser makes an offer, any commission agent (except co-operative society) may make purchase of the produce at the prevailing rate agreeable to the seller with the previous permission, in writing, of the secretary.

vi) Market fee (upto 1% of sale price) and supervision fee (of 5 paise per Rs.100 of sale price) are to be levied and collected from purchasers and not from producer-sellers. However, no such fees shall be levied and collected in the same market area in relation to agricultural produce in respect of which fees have already been levied and collected therein.

3.7 Model Act:-

The Maharashtra State Agricultural Produce Market (Development & Regulation Act, 2003)

Introduction:

Agricultural marketing is witnessing major changes world over, owing to liberalization of trade in agricultural commodities. To benefit farming community for the new global market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened. In this context, Government of India in the Ministry of Agricultural appointed Expert Committee on 19th Dec. 2000 followed by an inter Ministerial Task Force to review the present system of agricultural marketing in the country and to recommend measures to make the system
more efficient and competitive. The committee and the Task Force in their reports of June 2001 and May 2002 respectively, have suggested various reforms relating to agricultural marketing system as well as in policies and programs for development and strengthening of agricultural marketing in the country. The reports have noted that the situation of control over agricultural markets by the state has to be eased to facilitate greater participation of the private sector, particularly to engender massive investments required for the development of marketing infrastructure and supporting services.

The recommendations contained in these reports were discussed at the National Conference of state Ministers organized by the Ministry of Agriculture, Govt. of India at Vigyan Bhavan, New Delhi on 27th September 2002 and later by a standing committee of state Ministers constituted for the purpose under the chairmanship of Shri. Hukumdeo Narayan Yadav, Union Minister of state for agriculture on 29th January 2003. In the Conference as well as the standing committee, State Government expressed the view that reforms in the agricultural marketing sector were necessary to move away from a regime in the controls to one of regulation and competition. In view of liberalization of trade and emergence of global markets, it was necessary to promote development of a competitive marketing infrastructure in the country and to bring about professionalism in the management of existing market yards and market fee structure. While promoting the alternative marketing structure, however, government needs to put in place adequate safeguards to avoid any exploitation of farmers by the private trade and industries. For this, there was a need to formulate model legislation on agricultural marketing.

The draft model legislation titled the state Agricultural produce Marketing (Development and Regulation) Act, 2003, provides for establishment of Private Market/Yards, Direct purchase centers,
consumer/farmers markets for direct sale and promotion of public private partnership in the management and development of agricultural markets in the country. It also provides for separate constitution for special markets for commodities like onions, fruits, vegetables flowers etc. A separate chapter has been included in the legislation to regulate and promote contract farming arrangements in the country. It provides for prohibition of commission agency in any transaction of agricultural commodities with the producers. It redefines the role of present Agricultural Produce Market Committee to promote alternative marketing system, contract farming, direct marketing and farmers/ consumers markets. It also redefines the role of State Agricultural Marketing Boards to promote standardization, grading, quality certification, market led extension and training of farmers and market functionaries in marketing related areas. Provision has also been made in the Act for constitution of State Agricultural Produce Marketing Standards Bureau for promotion of Grading, Standardization and Quality Certification of agricultural produce. This would facilitate pledge financing, E-trading, direct purchasing, export, forwards/ future trading and introduction of negotiable warehousing receipt system in respect of agricultural commodities.

At present agricultural marketing is state regulated. The Agricultural Marketing Regulation Act empowers market committee to regulate marketing under the pretext of protecting the farmers from exploitation by traders and middlemens. But the long chain of middlemen in agriculture marketing today, has contributed to the maximum exploitation of the farmers rather than protecting them. Era of liberalization, global economy is coming and very soon from April, 2005, whole world is becoming one single market. In this context of globalization, we will have to see that our farmers can compete in the world market and we maximize our exports. Therefore, the
production will have to be market driven and market oriented. Unless the farmers are told about the changing scenario, they may not adopt to the requirements of the markets. For this purpose the farmers will have to be trained with regard to issues like WTO, Eurepgap regulation, international quality standards various laws of different countries regulating the exports etc., continuous Market led Extension Service has to be provided to farmers to achieving the desired results in this direction.

In the present setup the agricultural marketing is the monopoly of the Agril. Produce Market Committees. No private person can establish agricultural market. Therefore, there is no competition. The Agril produce Market Committees are functionaries in a most traditional manner without looking at the technologies emerging in he field of agriculture and post harvest handling. If the private markets are established, those would be able to invest into post harvest infrastructure, pack house, cold storage’s, processing units etc. this will boost the economy by creating job opportunities in the rural countryside and also boost he income generation.

From the aforesaid presentation of the review of regulation in agricultural marketing, it may be observed that the Government made every attempt, from time to time, to safeguard the interest of producer-sellers by broadening and amending regulatory provisions of agricultural marketing. It would thus be said that many changes in the agricultural marketing legislation are necessary to bring in the agricultural marketing reforms.

3.8 Recent amendments:

Amendments were made in the year 2005-48 Act, 2006-25, 47 Act, 2007-7 Act,& 20081st ordinance.

1) WHEREAS it is expedient further to amend the Maharashtra Agricultural Produce Marketing (Regulation) ACT.1963.for the
purposes hereinafter appearing: it is hereby enacted in the fifty-sixth year of India as follows:-

2 Amendment of long title of Mah xx of 1964

In the Maharashtra Agricultural Produce Marketing (Regulation) Act. 1963 (hereinafter referred to as “the principal Act). In the long title:-

After the words “and Markets” “the words including private Markets and farmer consumer Markets” shall be inserted:-

3 Amendment of preamble of Mah xx of 1964

After the words “expedient to” the words “develop and shall be inserted

After the words “and Markets” the word “including private Markets and farmer consumer markets” shall be inserted.

4 Amendment of section I of Mah xx of 1964.

In section I of the principal Act. In sub section (I) for the brackets and words “Development and (Regulation)” shall be substituted.

5 Amendment of section 2 of Mah xx of 1964.

In section 2 of principal Act:-

After clause (e) the following clause shall be inserted. Namely:-

(ea) “Direct Marketing” means the purchase of the agricultural produce directly from the agriculturists by a direct marketing licenceholder under sub section(I) of section 5D”

After clause (I) the following clause shall be inserted namely.
(F1) “Farmers consumers market” means a market established by a licence holder under sub- section (2) of section 5D”

In clause (I) after the words brackets. Figure and letters clause (a) of subsection (IA) the words brackets. Figure and letters and the Divisional or Regional Market Committee declared under clause (a) of sub- section (IB) shall be inserted

After clause (m) the following clause shall be inserted namely

(ma) private market means a market established by a licence holder under sub section (I) of 5 D

After clause (r) the following clause shall be inserted.

6 Amendment of section 4 of the principal Act after sub section (3) the following sub section shall be added namely:-

(4) The state Government may. By notification in the Official Gazete, declare. In addition to the existing markets. A special commodity market for any market area after considering the turnover and special infrastructure requirements for marketing of particular agricultural produce.

7 Insertion of chapter I B of Mah xx 1964.

After section 5C of the principal Act. The following chapter shall be inserted namely

Direct Marketing, Establishment of private Market and farmer consumer Market and Redressel of Disputes.

8 Amendment of section 7 of xx of 1964.

In section 7 of the principal Act. After sub section (2) the following sub- sections shall be added, namely
(3) Notwithstanding anything contained in sub section (1) and (2) any trader who desires to operate in more than one market area may apply to such authority or officer notified by the state Government for grant or renewal of licence with such details. As may be prescribed. To the concerned authority or officer and such fee shall be shared in the manner prescribed. Between such authorities or as the case may be officer and the Marketing which are covered under the said licence.

9 Amendment of section 13 of xx of 1964

In section 13 of the principal Act:-

After sub-section (IA) the following sub-section shall be inserted. Namely:-

The area specified by the state Government by notification in the official Gazzate. From time to time shall be deemed to the Market area for the purpose of of the Act and the market committee for that area shall be called by the name as may be notified by the state Government and it shall function as the divisinal or regional market committee.

The divisional or regional market committee shall subject to the provisional of sub section 2 consist of nine members.

10 Amendment of section 35 of Mah xx 1964

In section 35 of the principal Act. Sub-section (1) after the existing provision. The following provisions added namely:-

"Provided further that the state marketing board shall prepare a list of persons to be appointed as the Secretaries on the market committees according to their qualification and experience and shall be binding on the market committees to appoint a person as secretary from the list of person enrolled"
11 Amendment of section 39B of Mah xx 1964

In section 39B of the principal Act:

Clause (ii-a) shall be deleted

In Clause (vii) for the word “elected” the word “nominated by the state Government” shall be substituted.

12 Amendment of section 60 of Mah xx 1964

Under section 60 of the principal Act. In sub section (2) after clause (a) the following clause shall be inserted namely:-

Under section 5D, for prescribing the terms and conditions and the manner of licensing management marketing, trading and any other matters, relating to markets and established under that section.

13 Power to remove difficulties.

If any difficulty arises, in giving effect to any of the provisions of the principal Act. As mentioned by this Act, the State Government may, as occasion arises, by an order published in the Official Gazette, do any thing, not inconsistent with the provisions of the principal Act, as amended by this Act, which appears to it to be necessary or expedient for the purpose of removing the difficulty.

Provided that, no such order shall be made after the expiry of a period of two years from the date of commencement of this Act.