CHAPTER II

OVERALL POLICY AND INSTITUTIONAL MECHANISM
FOR REGULATION OF MARKETING OF AGRICULTURAL
PRODUCE IN PUNJAB STATE

The farm produce is one of the areas, which required regulation due to
the existence of unorganized system of agricultural marketing in the early
times. Non-implementation of announced marketing policy has also been
adversely effected due to the improper institutional mechanism. Therefore,
availability of the Government’s mechanism in agriculture marketing i.e. the
established organized systems facilitates the market functionaries to interact
with the producer-farmers for bringing their produce to sell in the market in
proper as well as an efficient way.

The beginning of the regulation in Punjab has been from the enactment
of the law. The state of Punjab received the assent of the President of India
on the 18th May 1961 and the Act was first published for general information in
the Punjab Government Gazette (Extra Ordinary), Legislative supplement on
26th May 1961 as Punjab Act No. 23 of 1961 and named as “The Punjab
Agricultural Produce Markets Act, 1961”. The preamble of this Act was
designed as “An Act to consolidate and amend the law relating to the better
regulation of the purchase, sale, storage and processing of agricultural
produce and the establishment of markets for agricultural produces in the
State of Punjab”1. The Act was further elaborated formulating rules and
named as “The Punjab Agricultural Produce Markets (General) Rules, 1962.”
The “Punjab Market Committees Bye-Laws 1963” were further provided for
facilitating sale and purchase of agricultural produces in the notified market
areas.

This chapter deals with the overall policy framework regarding sale and
purchase of agricultural produces. The chapter is divided into three parts and
further into sections. The first part deals with institutional mechanism i.e.
Government machinery i.e. Punjab Government, Punjab State Agricultur

Chandigarh, p3
Marketing Board (PSAMB) and Market Committees. In second part, functionaries related to agricultural marketing such as producers, dealer, weighman and palledar have been discussed and the last part covers policy provisions with regard to the Act, Rules, Bye-laws and guidelines issued from time to time regarding agricultural marketing.

I

Government Machinery

In this part, an overview of the institutions regarding marketing of agricultural produces provided under the law is provided. Their organizational set ups, duties and responsibilities of authorities and their officials have also been discussed. Section A relates to State Government, Section B to Punjab State Agricultural Marketing Board and Section C deals with the Market Committees.

(A)

State Government

The State Government is competent authority to regulate such agricultural produces in such areas as prescribed from time to time. Cabinet is the competent authority to provide and to formulate, alter or amend the policy provisions of the Act. The rules are framed with regard to agricultural marketing policy for regulation at the level of department, which are being steered by the Agriculture Minister, who is the competent authority to take decision through Financial Commissioner (Development) cum Principal Secretary (Agriculture) who is from the Indian Administrative Services and notifies the policy. Additional Secretary Agriculture administers the concerned Branch which looks after the policy provisions. Policy decisions are normally taken at the level of Government by Cabinet or Assembly as the case may be. The organizational set up of Government is described in Figure 2.1.
Major Policy Provisions and Competency of the State Government

The State Government exercises superintendence and control over the Board and its officers. The Chairman State Agricultural Marketing Board as well as members are nominated by the Government. If Government is not satisfied with the smooth working of the Board, the Government may suspend the Board and make alternate arrangements for exercising the functions of the Board. Government is also competent authority to constitute Market Committees, their Chairmen, Vice-Chairmen and members and it also has powers to remove them.

The state Government establishes and regulates markets under the Act for their respective notified market areas which includes a principal market yard and one or more sub-market yards. A principal market yard and sub-market yard are “An enclosure, building or locality declared for each notified market area. Private market yards can also operate other than the principal market yard or sub-market yard owned and operated by any person or company or co-operative society in accordance with the terms and conditions of state government”2.

The rules are framed for carrying out the major purposes of the Act such as;

(i) Appointment or nomination of members of the Board and Committees and their removal, the powers to be exercised and duties to be performed by the Board or Committees and their officials and its powers and term of office.

2 ibid, p12
(ii) The time, place and manner in which a contract between buyer and seller is to be entered into, carried out and money to be paid to the seller.

(iii) The general guidance of the Board or Committee, management of the market, maximum fees which may be levied by a Committee in respect of the agricultural produce bought or sold.

(iv) The provision of accommodation for storing any agricultural produce brought into the market, manner in which auctions of agricultural produce to be conducted and bids made and accepted in any market.

(v) The duty of making returns to committee at regular intervals of transactions of sale, purchase, storage and processing affected by them.

(vi) Producing of accounts for inspection and furnishing information to concerned authority maintained by dealers.

(vii) The law regarding regulation of advances is also regulated i.e. to producers by dealers, the prevention of adulteration of the agricultural produce, its grading and standardization.

(viii) To prescribe authority for obtaining licenses, its renewal and fees and forms for dealers, weighmen and palmedars.

(ix) The place or places at which agricultural produce can be weighed, kind and description of bardana to be used and the quantity of produce to be filled.

(x) The scales i.e. not being hand scales (Takri), weights and measures which alone may be used in transactions in agricultural produce and its inspection, verification, regulation, correction and confiscation of scales, weights and measures in use in a notified market area.

The provisions of trade allowances in general are also provided under law, which may be made or received by any person in any transaction such as;

(i) Settlement by arbitration or otherwise of any dispute between a buyer and a seller or their agents including disputes regarding the quality or weight of the article and perhaps are related to price or rate to be paid,

(ii) Allowances for wrappings, dirt or impurities or deductions for any cause.
(iii) It is also provided that any contravention of these provisions is to be punishable with fine as penalties and offences can be compounded relating to violation of the provisions of Act, Rules, Byelaws and instructions. Times to time the Act, rules are being amended, inserted as and when required by the Government.\(^3\)

(B)

Punjab State Agricultural Marketing Board

The Board is a body corporate as well as a local authority by the name Punjab State Agricultural Marketing Board popularly known as Punjab Mandi Board. It controls and directs market committees as prescribed under the law. The composition as well as organizational structure of the Board has been presented in Figure: 2.2 and Administrative Machinery of the Board is shown in Figure: 2.3.

Figure: 2.2
Organizational structure of the Board in 2005-06

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<table>
<thead>
<tr>
<th>Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
</tr>
<tr>
<td>Non-official Members (8)</td>
</tr>
<tr>
<td>Three Progressive farmers of Punja(one from each division)</td>
</tr>
<tr>
<td>One Producer member (Who is member of market committee)</td>
</tr>
<tr>
<td>One licensed Dealer (Who is member of market committee)</td>
</tr>
<tr>
<td>One licensed weighmen / palledar (Who is member of market committee)</td>
</tr>
<tr>
<td>One Registered farmers organization</td>
</tr>
<tr>
<td>One Cooperative societies</td>
</tr>
</tbody>
</table>

| Official Members (8) |
| Representatives of the Departments of |
| -Agriculture. |
| -Cooperation. |
| -Animal Husbandry. |
| -Colonization. |
| -Food and supplies. |
| -Joint Secretary Department of Finance. |
| -Secretary of the Board. |
| (Member Secretary) |
| -Director of Horticulture. |
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Source: Punjab State Agricultural Marketing Board.

\(^3\) Ibid p12
**Major Policy provisions and competency of Board**

The Board holds its meeting quarterly and arrives at its decision by majority. In case of equal votes, chairman vote is considered for making decision.

Board exercises superintendence and control over the market committees in addition to the matters specified in the Act. Board may frame byelaws\(^4\) regarding-

(a) Better marketing of agricultural produce and marketing of agricultural produce on co-operative lines.

(b) The grading and standardization of agricultural produce.

(c) The general improvement in the market or their respective notified market areas.

(d) Propaganda, demonstration, publicity and education for improvement of marketing and agriculture.

(e) Any other purpose which, in the opinion of the Board, is considered to promote the interest of the Board or the committees or lead to improvement of marketing and agriculture in general.

The Board is to fix the standards of net weight of agricultural produce to be filled in a packing unit such as bag, a half bag or a palli within each notified market area. The official who deal with field activities for taking care of sale and purchase during wheat and paddy seasons are also directed to act as per Act, Rules, bye-laws and as per instructions.

**Board level Administrative Structure**

The Chairman, Punjab State Agricultural Marketing Board is responsible for the efficient administration of the organisation to carry out the provisions of the Act and rules, to exercise general control over the employees and those of the committees and is competent authority for approving the budget of the committees.

The Secretary of the Board is appointed by the State Government from amongst those members of the Indian Administrative Service or Punjab Civil Service (Executive Branch) or the Punjab Agricultural Service (Class 1) who has put his service not less than five years. He is also to enforce the Act, Rules and Byelaws and to establish a market for providing such facilities for the persons visiting in it regarding sale, purchase and weighment etc. of agricultural produce. Secretary Board or any other officer authorised by him is authority to issue licences to dealers. Purchase centres are declared by him during wheat and paddy season.
Although various senior officials look after different official works like establishment, construction, legal and accounts as shown in figure 2.3. But marketing part of agricultural products are looked by General Manager Marketing and three deputy General Managers work under the supervision and control of Secretary Board at head quarter to facilitate him specifically for enforcing and executing the policy.

**District Level Administrative Structure**

District Mandi Officers are deputed at various district head quarters in the state of Punjab as ears and eyes of the Board. They have to look into the working of Market Committees for enforcing Act, Rules, Byelaws and instructions within the district. Deputy districts Mandi Officers (DDMOs) also assist District Mandi Officers (DMOs). The number of General Managers, Deputy General Managers, DMOs and DDMOs (2005-06) as per rules has been mentioned in the table: 2.1.

Table: 2.1

<table>
<thead>
<tr>
<th>Name of Post</th>
<th>Number of posts exists</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Mandi Officer</td>
<td>17</td>
</tr>
<tr>
<td>Deputy District Mandi Officer</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Punjab State Agricultural Marketing Board.

**Income and Major Expenditures of Board**

The income of the Board is basically from fixed percentage of income of the market committees as contribution and expenditure is incurred for various schemes and to help weak market committees shown (2005-06) in Table 2.2.

Table 2.2

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenditure</th>
<th>Expenditure</th>
<th>Expenditure</th>
<th>Expenditure</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of Mandis</td>
<td>Development Schemes (Projects)</td>
<td>Roads</td>
<td>Establishment</td>
<td>Others</td>
<td></td>
</tr>
<tr>
<td>Rs.362 crore</td>
<td>13.35 percent</td>
<td>02 percent</td>
<td>61.80 percent</td>
<td>12.75 percent</td>
<td>10.10 percent</td>
</tr>
</tbody>
</table>

Source: Punjab State Agricultural Marketing Board.
Market Committees

A Market Committee is a body corporate as well as a local authority and members of every Market Committee are nominated by government. Each Market Committee consists of one Chairman and one vice Chairman out of nominated members either thirteen or seventeen members as determined by the State Government (shown in table 2.3).

<table>
<thead>
<tr>
<th>Thirteen Members Market Committee</th>
<th>Seventeen Members Market Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Member of Panchayats / Block Samitis except one member (Six)</td>
<td>1. Member of Panchayats / Block Samitis (Nine)</td>
</tr>
<tr>
<td>2. Dealers licencees under Section 10 of the Act (three)</td>
<td>2. Dealers licencees under Section 10 of the Act (Four)</td>
</tr>
<tr>
<td>3. Weighmen / palledar licencees under Section 13 of the Act (Two)</td>
<td>3. Weighmen / palledar licencees under Section 13 of the Act (Two)</td>
</tr>
<tr>
<td>4. Co-operative Societies Member (One)</td>
<td>4. Co-operative Societies Member (One)</td>
</tr>
<tr>
<td>5. Government Official (One)</td>
<td>5. Government Official (One)</td>
</tr>
</tbody>
</table>

Source: Punjab State Agricultural Marketing Board.

The total numbers of the committees in the state are 145 and each committee comprises of its nominated chairman, vice chairman and members. The total numbers have been presented in table 2.4 who can be nominated in the state.
Table 2.4
Total number of Chairmen, Vice Chairmen and Members in Punjab

<table>
<thead>
<tr>
<th>Number of Chairmen</th>
<th>Number of Vice Chairmen</th>
<th>Number of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>145</td>
<td>145</td>
<td>2225</td>
</tr>
</tbody>
</table>

Source: Punjab State Agricultural Marketing Board.

The Administrative machinery of a Market Committee for implementing the provisions of the Act, Rules, Bye-laws and instructions issued is being shown in figure-2.4.

Figure-2.4
Organizational set up of a Market Committee

Source: Punjab State Agricultural Marketing Board.

Major Policy Provisions of the Market Committees

Functions
It is the duty of a Market Committee to enforce the provisions of the Act, rules and byelaws in connection with the purchase, sale, storage and weighment of agricultural produce and as directed by Mandi Board from time to time. It is to control and regulate the admission to the market and to determine the conditions for the use of the market and to prosecute and confiscate the agricultural produce belonging to the person trading in the
market area without a valid license. No weighman, or other functionary unless duly authorized by license can carry on his occupation in a notified market area. The Market Committees may frame byelaws as prescribed by the State Government under the Act. These are, for the regulation of its business, the condition of trading, and the remuneration of different functionaries not specifically mentioned in the Act and rendering any service in connection with the sale, purchase, storage and processing of agricultural produce. The steps to prevent adulteration are also to be looked into by Committee.

**Income and Expenditure of the Market Committees**

The income of market committees is generated basically from market fees and the committee is competent authority to levy fees on the agricultural produce bought or sold by licensee. The Market Committee funds can be spent for the acquisition of sites for market, maintenance and improvement of the market, providing and maintaining of standard weights and measures, collection and dissemination of information regarding matters relating to crop statistics and marketing in respect of the agricultural produce concerned, imparting education in marketing and any other purpose which is calculated to promote the general interest of the Committee or the notified market area any other purpose to promote the national or public interest and with the prior sanction of the State Government. The accounts of the Market Committees are to post audited. Total market fees and expenditure during 2005-06 is shown in table 2.5.

A Committee may arrange accommodation for temporary storage or stocking of agricultural produce and may charge such fees as may be prescribed in case of non lifting of produce from their yards. The market hours

<table>
<thead>
<tr>
<th>Income</th>
<th>Development of Mandis expenditure</th>
<th>Establishment expenditure</th>
<th>Roads expenditure</th>
<th>Other expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>330.31 crores</td>
<td>35.23(10.66)</td>
<td>60.56(18.33)</td>
<td>37.96(11.50)</td>
<td>196.56 (59.59)</td>
</tr>
</tbody>
</table>

Source: Punjab State Agricultural Marketing Board.

*NOTE: Figures in parentheses indicate percentages*
can be fixed subject to the provisions of law in force in regard to the opening and closing of shops and commercial establishments. The auction and weighment of agricultural produce in the market yard is to be held during the hours specified by the Committee and be exhibited at conspicuous places. The Committee has to keep a register of trade assistants in which name of employees taken in service by a licensed dealer or godown keeper to assist him in the sale, purchase, storage or processing or for any other act. A Market Committee is to keep a record of forms and registers stamped and signed which are required for dealers.

**Administration of the Market Committee**

The Chairman of the market Committee is the chief executive officer and is responsible for proper management and to look after the affairs of the Committee in accordance with the provisions of the Act, rules and byelaws framed there under. Secretary market committee is the Executive Officer of a committee and is appointed by the Board as its servant and lent to the committee subject to such terms and conditions as prescribed by Board. Assistant Secretary are also working as Secretary market committees. His duties and powers include that all office establishment of the committee is put under his control. Secretary is to carry into the effect of the provisions of Act, rules and bye-laws framed and instructions of the Board and decision of the Committee. Secretary is to effect maximum improvement in the market and to carry out orders of Chairman of the committee to be consistent with the Act, the rules and the bye-laws. Secretary is treated as head of the office of the Committee and all employees have to report to him. Every cheque drawn on behalf of the committee can be signed by the Secretary, Market committee and Accountant or Head Clerk-cum-Accountant of the Committee, as sanctioned or approved by the competent authority. The competent authority for sanctioning of payments in case of contribution payable to the Board, salaries of the fixed establishment as per the norm, bills of electricity, water, and telephone and audit fee is secretary market committee.

Secretary may call for information regarding carrying of work done by a member of staff during a specified period. Secretary, Market Committee has to remove encroachments the auction platform or roads in the market, or
otherwise misuses such premises or other property in the market. Secretary has been authorized to add or modify or allocate the duties of employees as per local needs and circumstances. Secretary can also assign other duties necessary for the discharge of official duties to any employee and to see that the employee performs their duties properly and efficiently. The duty of the Mandi Supervisor cum fee Collector is to look after the sale and purchase in the market and to collect the market fees and checking of accounts of dealers when authorized by Secretary Market Committee. The mandi inspections, enforcement of the Act, Rules and Bye-laws and to supervise auction, market transactions as well as weighment are also to be looked after by him. He is in-charge of the work in the market area and to look into the seasonal arrangements also.

The other officials who are to look after the sale and purchase of the agricultural produce are the Auction Recorders whose duties are to initiate auction, record auction in the register and to ensure entries in the heap register which is to be maintained by Commission Agents. He is to collect the market fee as per need and to assist Mandi Supervisor in accounts checking. The maintenance of accounts of market fee in dealer ledger and revenue stamp register also.

The Clerks are given specific duties as to receive and dispatch the official record. He is to type, keep and maintain record of stamp register. He is also to assist the Head Clerk-cum-Accountant in matters pertaining to general correspondence, accounts, store, stock and stationery. He is to work for maintaining record regarding sale and purchase as per orders of secretary market committee. Kanda Moharar is also one of the employees and is appointed for the purposes to weigh agricultural produces. The loaded and empty vehicles on the weighbridge of Market Committee are also recorded by him. He is to issue receipts, receives weighment charges and to issue certificate of weighment and to maintain accounts of weighment charges. Presently Kanda Moharars are working as clerks and looks after market transactions as per orders.

The numbers of market committee employees in the state of Punjab during the year 2005-06 in table 2.6.
Table 2.6

Number of Market Committee Employees in Punjab

<table>
<thead>
<tr>
<th>Name of Post</th>
<th>Number of Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary and Assistant Secretary</td>
<td>111</td>
</tr>
<tr>
<td>Mandi Supervisor-cum-fee Collector</td>
<td>840</td>
</tr>
<tr>
<td>Auction-Recorder</td>
<td>1384</td>
</tr>
<tr>
<td>Clerks</td>
<td>533</td>
</tr>
<tr>
<td>Other categories</td>
<td>80</td>
</tr>
</tbody>
</table>

Source: Punjab State Agricultural Marketing Board.

II

In this part of the chapter, concerned functionaries such as producers, dealers, weighmen and palledars who are involved in sale and purchase of agricultural produce have been covered.

(A)

Producer i.e. Farmer

As per Act, Producer means “A person who in his normal course of avocation grows, manufactures, rears or produces, as the case may be, agricultural produce personally, through tenants or otherwise, but does not include a person who works as a dealer or a broker or who is a partner of a firm of dealers or brokers or is otherwise engaged in the business of disposal of agricultural produce other than that grown, manufactured, reared or produced by himself, through his tenants or otherwise. If a question arises as to whether any person is a producer or not for the purposes of this Act, the decision of the Deputy commissioner of the District in which the person carries on his business or profession shall be final; Provided that no person shall be disqualified from being a producer merely on the ground that he is a member of a Co-operative Society. Producer shall also include tenant”.5

Producer who is owner of agricultural produce can sell anywhere within state and outside state. When the produce is sold in the market it attracts

incidental charges which are to be paid by seller. These charges are payable in lieu of the services rendered in connection with the handling of agricultural produce prior to the finalization of the bid at the auction such as unloading and cleaning charges. If unloading operation is conducted by seller then no charges are to be deducted and moreover cleaned produce does not attract deduction of cleaning charges.

A person engaged by a producer to sell agricultural produce on his behalf is not to act as a buyer either for himself or on behalf of another person in respect of such produce without the prior consent of the producer except of a co-operative society. Sale of the produce won’t complete until or unless farmer gives his consent in case of rate and weight. The seller is to be provided with a sale voucher in Form J which includes the details of produce, its rate, weight, deductions of incidental charges if applicable and balance amount paid. If the farmer-seller does not want to sell through Commission agent/Kacha Arhtia, then buyer will have to give the sale voucher before the delivery of agricultural produce made or taken after sale.

(B) Dealers (Commission agents and Purchasers)

Dealer as per law means “Any person who within the notified market area setup, establishes or continue or allows to be continued any place for the purchase, sale, storage or processing of agricultural produce” and Licensee means “A person to whom a license is granted under the Act and the rules made under this Act and include any person who buys or sells agricultural produce and to whom a license is granted as Kacha Arhtia or Commission Agent”. Therefore, no person can act for sale and purchase until taking licence. Pacca Arhtia who acts as purchaser means “A dealer, who for himself or on behalf of any other person makes or offers to make a purchase or sale of any agricultural produce or does or offers to do anything for carrying out such purchase or sale”. Licence for dealer can be taken for one year or any part upto 20 years as per prescribed fees along with cash security and

6 Ibid p4
7 Ibid
8 Ibid p51
furnished bank guarantee and provision for renewal of licence and issue of duplicate is also provided. Some persons are also exempted from taking licences for the purchase of agricultural produce. The agricultural produce belonging to a person trading without a valid licence can be confiscated.

Every licencee under the law can carry on his business in a notified market area and not to permit evasion or infringement of any of the provisions of the Punjab Agricultural Produce Market Act, 1961, rules and byelaws and instructions issued from time to time. Licencee is to report in writing, if any evasion or breach of Act, rules, byelaws and instructions comes to his knowledge. Licencee is to surrender his licence on demand and to conduct his business with honesty and properly according to the principles of fair dealings and will carry on his business in the principal market yard, or sub-market yard or at his place of business, specified in the licencee. Licencee must display his licencee at a conspicuous place on his business premises and is to keep his business premises clean and in a suitable condition for storage of agricultural produce. Licencee cannot boycott or encourage to boycott of any other licensee and not to indulge in activities and practices which are detrimental to the interest of the trade and proper functioning of the market. Licencee cannot form a pool or combination with other buyers for eliminating competition and shall not make or abet an attempt to do so in order to deprive the seller of a fair price of his produce. Licencee can not take or continue in his service any licensed broker, weighman, measurer, surveyor or palledar and will be responsible for the safe custody and protection of the agricultural produce brought to his shop for sale or storage. Licencee is to furnish correct information on the matters pertaining to his business relating to sale and purchase of agricultural produce under the Act and will surrender licence on the expiry or sooner termination of the licence. If there is any breach of any of the conditions specified in a licence, it can be canceled or suspended. No licensee is to buy, sell, store or process any agricultural produce on behalf of any firm or partner in the firm, dealer or person holding licence whose licence has been cancelled or suspended i.e. benami transaction is prohibited.
(i) **Commission Agents:** - A “Kacha Arhtia” means “A dealer, who in consideration of commission, offers his service to sell agricultural produce i.e. commission for services rendered in connection with the sale and purchase of agricultural produces”\(^9\). These are named *kacha arhtias* also. The rate of commission is fixed at 2.5 percent of value for wheat and paddy. The charges of commission (or *Arhat*) are to be levied only where the produce is bought or sold through commission agent. Commission agent charges commission in consideration of services to display and sell agricultural produce by auction. The commission agent will have to execute a memorandum in prescribed form on delivery of agricultural produce to a buyer and deliver the same to the buyer on the same day or the following day mentioning sale proceeds plus admissible market charges. The sale price of agricultural produce is to be paid by the buyer to the *Kacha Arhtiya* on delivery of prescribed form. The delivery of agricultural produce after sale is not to be made or taken unless or until the Kacha Arhtiya or if the seller does not employ a Kacha Arhtia and then the buyer will have to give a sale voucher to the seller in prescribed form.

The commission agent is to maintain heap register to enter the approximate weight of agricultural produce immediately on its arrival at his shop or platform for sale. It must be written in Punjabi and be recorded in words and figures. The market as well as incidental charges received and paid to the labour engaged are also to be entered into it. No cutting or overwriting in the register is allowed until it is authenticated. If any agricultural produce is recorded as unsold or having been taken back by the seller, a written intimation is to be sent to this effect immediately by the licensee.

The *Kacha Arhtiya* is to make payment to the seller immediately after the weighment is over and to issue ‘J’ form as sale voucher. *Kacha Arhtiya* will also have to execute a memorandum in prescribed Form to the buyer also. The same produce is delivered to the buyer on the same day or the following day, mentioning sale proceeds plus market charges admissible as per rules in form i. Weights and weighing instruments are to be provided by the *Kacha Arhtiya* for weighment of every lot of agricultural produce, which is sold through him. As soon as the auction for a lot is over, the auctioneer is to fill in

\(^9\) Ibid
the particulars in a book to be maintained in prescribed form and shall secure signatures of both buyer and the seller or their respective representatives, whosoever is present at the spot. Where auction is not conducted then the auctioneers may be engaged by the committee on the basis of commission fixed as auction charges. The auction charges collected by the Katcha Arhitia in such cases are to be paid to the auctioneers in the manner to be specified by the market committee.

A Katcha Arhtiya is to recover incidental and market charges payable to different functionaries and to disburse the same to different functionaries provided that charges relating to palledars, filling and sewing can be paid by the buyer directly to the functionaries if such functionaries are engaged by him. These charges have been shown in annexure numbers VIII and IX. A commission Agent or Katcha Arhtiya or buyer are to maintain a register in specified form for maintaining account of market and incidental charges received and paid to the labour engaged for the purpose. Cleaning and sieving of produce are to be done to the satisfaction of concerned parties even more than two sieving operations can also be resorted.

Facilities to be provided by Commission Agents\(^{10}\):

(i) The agricultural produce is not to be auctioned till it is cleaned, electrical driven blowers for cleaning or sieving are to be ensured. Proper cleanliness of the produce is the responsibility of the seller himself if sold direct to purchaser.

(ii) An Arhtia or combinations of Arhtias are to install mechanical devices for filling, weighment and stitching of bags and if necessary such mechanical device may contain facility for cleaning of produce also.

(iii) Willing co-operation in various development and project schemes introduced for improving the agricultural marketing and to fulfill the targets as fixed by the Secretary, Mandi Board for an Arhtia or for a group of Arhtias in a particular market will be implemented.

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(iv) A dustbin as specified is to be kept at his shop to ensure cleanliness of the platform in front of the shop and all dust, waste and garbage of the shop or the platform in front of his shop shall be deposited in that.

(v) The work of stitching of bags filled with the agricultural produces or putting the produce in containers is to be done by the labour of Katcha Arhtias and is recovered from the purchaser. The bags so stitched are to be stamped by the Katcha Arhtia by means of a stencil mark or by any other satisfactory mode to show that the produce has been handled by a particular Katcha Arhtia.

(vi) The Kacha-Arhtiya is to provide all kinds of seivers and also keep sufficient number of tarpaulins for protection of agricultural produce as specified by the licensing authority from time to time.

(ii) Buyer or Purchaser: - The buyer is ultimate purchaser who purchases agricultural produces for himself or on behalf of others i.e. Government agencies, wholesale purchasers and processing units etc act as purchasers. As per law, buyer will have to maintain a register and furnish information in prescribed forms. The responsibility of paying the fees within 7 days is of the buyer from the date of transaction and if the purchaser is not a licensee then the seller who may realise the same from the buyer. The assessment proceedings can be carried out if any dealer fails to deposit fees and does not submit returns in time. This order is appeal able. All charges namely market charges are payable by the buyer in lieu of the services rendered in connection with the handling of agricultural produce after the finalisation of the bid at auction such as commission of Kacha-arhtia, brokerage, auction charges, remuneration for palledari, filling, weighing, sewing and loading.

Secret signs or secret bid are not allowed and no deduction is to be made once the price is settled. The buyer is to be considered to have thoroughly inspected the produce for which he has made a bid and he shall have no right to retract from it. The highest bid offered by a buyer at an auction and at which the seller of the produce gives his consent to sell his produce is determined as sale price of the produce. The buyer is responsible to get the agricultural produce weighed immediately after the auction or on the same day the produce is purchased by him. The buyer is liable for any
damage or loss or deterioration of the produce after the auction. No buyer is allowed to associate with any person in such transaction before he has taken delivery and has made the payment in respect of such a transaction. The buyer is to take delivery of entire lot of an agricultural produce auctioned to him and lift within 72 hours of auction or purchase. The buyer is liable to pay 25 paisa per unit per day as demurrage if fails to lift produce in prescribed time. If it is not lifted within seven days, it may be lifted or removed at the cost of the buyer. The buyer is liable to pay all costs incurred but may be partially or fully exempted on request in writing. If the seller and buyer agree that loaded vehicle should be un-loaded at the premises of the buyer, the seller would be entitled to transportation charges at the rates as may be mutually agreed between them.

The buyer desirous of purchasing agricultural produce can personally or through an approved and bonafide representative attend the auction within one hour of fixed time of the start of auction. In case of his inability to attend the auction in time, he is to intimate to the office before auction commences. The Government agencies such as Food Corporation of India (FCI), Punjab State Grains Procurement Corporation limited (Food Sup), Punjab State Cooperative Supply and Marketing Federation Limited (MARKFED), Punjab State Civil Supplies Corporation Limited (PUNSUP), Punjab State Warehousing Corporation (PSWC), Punjab Agro Industries Corporation Limited (PAIC) purchased major chunk of the total arrivals. The wheat and paddy purchased by procurement agencies and private purchasers is shown in annexure numbers I and II.

(C)

Weighmen and Palledars

Weighmen are the persons who do weighment operation in the market and palledars does unloading, cleaning, stitching and loading operations as well as assist weighmen during weighment operation. Weighmen and Palledar’s role and their work and conduct have been provided under the law (the details have been provided in the relevant chapter). Licence is necessary for weighment and doing other operations in market and is issued subject to
the conditions. Licencee will have to comply with the provisions of the Punjab Agricultural Produce Markets Act, 1961, rules, byelaws framed there under and instructions issued from time to time. Licensee will have to keep to the notice of committee regarding any infringement. Conduct of business will be done honestly and properly according to the principles of fair dealings and will not boycott or encourage boycott of any other licensee. License will not indulge in activities and practices which are detrimental to the interest of the trade and proper functioning of the market and not to accept any service under the dealer and on demand by committee or any other officer will handover his licence. If there is any breach of any of the conditions specified in licence, it can be cancelled or suspended. This order is appeal able.

The weighmen will have to abide by such arrangement, which may be made by the Market Committee with a view to ensure the availability of their services, as and when required and also to wear badge during the hours of his business. Weighman is to deposit a sum of Re.1 with the committee to cover the cost of a badge to be issued to him and it is not transferable. No weighman can act as such within the notified market area unless he is actually wearing the badge and no person will wear or attempt to wear or use a forfeited badge. Weighman will keep a book in prescribed form in which he is to record his daily work. The duty of the weighman is to correctly weigh the agricultural produce brought to him for weighment.

III

Overview of Provisions of Sale and Purchase of Agricultural Produce

This part of the chapter deals with the provisions of regulation of various agricultural commodities. As per Act “An agricultural produce means all produce, whether processed or not, of agriculture, horticulture, animal husbandry or forest as specified in the Schedule”\(^{11}\). The sale and purchase of these produces can take place only in the Principal market yard and sub-

market yard and private market yards which are an enclosure, building or locality in notified market area. These are declared to control and regulate the admission to the market, to determine the conditions for the use of the market and to prosecute or confiscate the agricultural produce belonging to person trading without a valid licence. The facilities are also provided at these places for the persons visiting it, in connection with the purchase, sale, storage, weighment and processing of various agricultural produces.

The services to be provided in the market are sourced from market fees. It is levied and collected on ad-valorem basis at the rate of two percent which is bought or sold and where delivery of produce is actually made in the notified market area. If any amount of fee is due with any licensee, it can be recovered as arrear of land revenue. Commission on bought or sold of agricultural produce is two and half percent in case of food grains. Law is also provided from exemption of paying fees by flour millers for purchasing wheat and processors purchasing rice from other states. Refund of market fees is also provided in case rice is exported out of state. The octroi is exempted on certain agricultural produces which includes wheat and paddy.

The documents relating to the stock of agricultural produce concerned with purchase, sale, storage and processing are to be open for inspection. The office, establishment, godown or vehicle of such person is also open for inspection at all reasonable times. Even vehicle or other conveyance which is taken or proposed to be taken out of the notified market area can be inspected. Any agricultural produce purchased and accounts, registers or documents maintained in contravention of any provision of law can be seized.

All agricultural produce brought into the market for sale is to be sold by open auction and can also be bought or sold through bi-lateral transactions within the notified market area of a committee at a place of business of a licensee outside the principal or sub market yard on the terms and conditions as prescribed. The auction can not be conducted by any person other than the person engaged by the committee provided that under special circumstances a committee can make or permit any alternative arrangement. As soon as the auction for a lot is over, the auctioneer is to fill the particulars in prescribed form and is to secure both buyer and seller or their respective
representatives. A register is also maintained for unsold produce during the course of auction. Adulterated agricultural produce can not be sold in the markets.

Prices can be offered in auction on the basis of one quintal and at decimal coinage. The least difference between two bids offered for a lot of agricultural produce will not be less than rupees five in case of wheat and paddy. All agricultural produces coming or brought to the Principal Market Yard or sub market yard are to be recorded in register and gate pass is to be issued for outgoing produce out of the market. Publication of marketing information is necessary for the seller and purchaser and daily rates of all important agricultural commodities are to be exhibited in the regional language in conspicuous places. All forms and registers as prescribed which are to be maintained or executed by the licensed persons are to be serially numbered and properly bounded in books of at least one hundred or multiples thereof. The Heap register maintained for seasonal markets may contain 25 pages. The book number, serial number, name of firm, licence number and date of validity shall be written on every page of all forms and registers prescribed to be maintained or executed by the licenced persons. The documents maintained are to be preserved for different period but counter foils of form I (Given by commission agent to Purchaser), form J(Given by Commission agent to Seller) and form M (Submitted to Market Committee by licensee) are to be preserved by the dealer concerned for a period of two years from the date of issue.

Any sum deposited is to be paid during fixed hours to the Market Committee at its office and is to be received by a concerned person who is to sign and issue receipts thereof. The receipts may be by cash or account payee cheque. All money received by the Market committee is to be deposited in the banking institutions situated within its notified market area as prescribed. All payments except from imprest are to be made by account payee cheques or crossed cheques or order cheques but not by bearer cheques.

The auction and weighment of agricultural produce in the market yard are to be held during specified hours and such timings are to be exhibited at
conspicuous places. The consignment of agricultural produce is displayed and unloaded vehicles are to be parked at determined places. The routes for ingress and egress of vehicles, carts or pack animals leading to or from the principal or sub-market yard are also determined and this information is to be exhibited outside the office of the Committee. No person can adulterate produce for sale in the market. Its propaganda and samples can also be taken to check the adulteration of agricultural produces.

Every agricultural produce is to be filled in a packing unit such as bag, a half bag or a palli of fixed standard net weight within each notified market area. All transactions in the market are to be deemed to have been entered into accordance with fixed standards in terms of packing units. Immediately on the completion of weighment of a lot of agricultural produce within a notified market area, either party to the contract may cause a test weighment of ten percent of the units of packing lot or two packing units whichever is more. It is weighed at the site of weighment in the presence of both the parties to the contract and if no test weighment is held at site, the produce is deemed to have been correctly weighed. If defective, the persons checking the weighment may order the lot, to be reweighed at the cost of the buyer and weighman concerned. At least one weighing instrument of the capacity of one quintal and two sets of weights are to be kept in the market yard. Only such weighing instruments and weights can be used which are prescribed under the Punjab Weights and Measures Act, 1958 and the rules made there under. The beam scale (Kanda) or platform scale can only be used and Tarkandi can also be provided in the mandis during the transactions of sale and purchase of agricultural produce in the principal market yard and sub-market yards.

A weighbridge can be erected by the committee for the weighment of the agricultural produce on fixed fee as Rs.5.00 per cart, Rs. 10.00 per Trolley Tractor and Rs 20.00 per truck and no fee is to be chargeable if the weighment is made for the purpose of test weighment. Wherever a weighbridge has been installed by the committee in the principal Market Yard or Sub Market Yard the vehicle shall be weighed on the weighbridge of the Market Committees. These weigh bridges are to be maintained in proper
condition. The free of cost certificate is to be issued to the farmers regarding weighment.

Weights and weighing instruments are required for weighment of every agricultural produce. The weighing instruments and weights can be inspected, examined, checked and tested as and when required. Weighment of agricultural produce is to be carried out at the place of display. No produce is to be removed or caused to be removed or required to be removed from the place of display to any other place for weighment. Weighments of agricultural produce intended for sale are to be made through licensed weighmen in the principal or a sub-market yard.

Trade allowances are to be made and received within the market area in connection with ready or spot transactions. No allowance or deduction subject to the Act or Rules or charges of any kind and in any form are permitted and charged, claimed or allowed in connection with any transaction of sale or purchase or storage or processing of agricultural produce. No Civil Court, in any suit or proceeding arising out of any such transaction, recognize any trade allowance not so permitted provided that all market charges are to be paid by the buyers. Each item of allowance charged must be separately mentioned in prescribed forms and all samples are to be paid at sale price except otherwise provided.

Remuneration of different market functionaries is provided for services actually rendered by them in connection with sale, purchase, storage and processing. The different market functionaries whether licensed or not, are not to demand or receive remuneration in excess of rate as specified for unloading, sieving, dressing, weighing and filling of bags. Machine and manual stitching and loading of agricultural produces is shown in Annexure numbers VIII and IX with regard to wheat and paddy. These charges vary from time to time and are linked with consumer price index. The labour charges are to be received and paid by commission agent to weighmen and palledars.

Any person committing a breach of any of the provisions of law is to be punishable with fine provided that no person is to be prosecuted without giving him an opportunity to show cause. Such order is appealable.
Specific instructions are given by the Board for smooth running of wheat and paddy season. During the season of wheat and paddy, 1493 principal yards, sub market yards and purchase centres were opened in the year 2005-06. Private as well as Government purchase paddy and wheat however Government is to take-care the purchase activity and procure paddy and wheat for central pool.

The instructions from the Board clearly indicate that mandi wise arrivals of the produces are to be fully recorded in the auction registers on the same day. Unsold, unlifted and where auction could not take place is to be informed to head office. The per day arrivals, unsold and unlifted wheat and paddy have been mentioned in annexure numbers III and IV. Auction is to start at 11.30 A.M. and should continue till 4.00 P.M every day. All heaps received in a day should be auctioned on the same day. More than two auctions can also be held simultaneously in the major mandis so that auctions of whole produce could be completed on the same day. Produce should also be auctioned on the Sunday's and holidays and purchase agencies should also be informed accordingly. Timings of the auction or any other information should be informed to the farmer/purchaser/commission agent and to any other functionaries through the public address system. Commission agents are responsible to get the produce cleaned within two hours of the receipt of produce in the market and auction should not take place until or unless produce is cleaned. Commission agents are required to provide at least two power cleaners instead of manual and if the arrivals are more, then four to five operational positioned cleaners should be provided. Farmers should be encouraged to sell cleaned produce only and priority for early auction should be given to that very produce. Different varieties of paddy received in the mandis should be recorded separately due to variation in prices. Every Commission Agent should have Moisture Meter and one slate/phatti/takhti with the name of the farmer, his village and the moisture content of the produce should be written and be put on every heap.

As per instructions, staff should be deputed in the mandis in time. Secretary Market committee is to inform unsold, unlifted produce to DMO and he is to further inform District Administration/Purchase Agencies everyday for
doing further needful. Mandi Supervisors should be rotated from one mandi to another or they may do the duty in the mandi as required. Staff should be on duty till working ends in the particle mandi.

The display board should be installed in the mandis and labour charges must be written so that deductions are made as per the fixed labour charges. Place for sale and purchase of wheat and paddy should be neat and clean. Kachha space should be cleaned in such a way so that dirt should not mix up with the wheat and paddy arrived in the market. Wastage of cleaned wheat and paddy should be auctioned so that cleaning of the mandi is maintained and space may also be created for the new arrivals. Proper recording is to be ensured and registers are also be maintained.

IV
Conclusion

This chapter sums up the overall Government policy with regard to Government machinery and provisions to regulate marketing of agricultural produces. The policy formulation and its enforcement lie under ‘The Punjab Agricultural Produce Markets Act, 1961’, ‘Punjab Agricultural Produce Markets Rules 1962’ and ‘Market committee byelaws 1963’. The State Government is competent authority to establish the Board and to nominate its chairman and members. The state government is also competent to establish market committees and nominate its chairmen, vice chairmen and 2225 members. These members are not involved to check the unfair means during sale and purchase of wheat and paddy except attending meetings.

At present, markets for sale and purchase of wheat and paddy are being established by Government. The decision for regulating the agricultural produces adding or deleting the provisions is also taken by the Government. Therefore, Government is all competent to establish, enforce and to add or delete the policy with regard to sale and purchase of agricultural produces.

Board is the middle management between Government and market committees. Chairman of the Board is responsible to enforce the policy of the Government through its officials and may direct the market committees for better regulation of sale, purchase, weighment and charges to be deducted
for various operations. But, board does not have any bye-law as provided by the Government under the provisions of Act. The income of Board is basically collected from the fixed percentage of income of market committees and can be expended for various activities as mentioned in the Act. The provisions for fixing incidental as well as market charges during sale and purchase of agricultural produce vests with the Board.

Market committees are local bodies as well as independent authorities to take appropriate decisions for the implementation and enforcement of law at the ground level and as provided under the “The Punjab Agricultural Produce Markets Act, 1961” and Punjab Agricultural Produce Markets Rules 1962. A market committee income as market fees is its major source and its budget is approved by the Board. These are competent authorities to take action in case of any violation of Act, Rules, Byelaws and instructions which take place in the notified market area. As per law, Mandi Supervisor cum fee Collectors and Auction recorders are the implementing officials at field level to conduct proper sale and purchase but their number is less to control number of markets opened during season. Therefore, sufficient staff lacks as per requirement of each market to have control over the sale and purchase of wheat and paddy.

Under the policy, producer i.e. farmer is protected during sale of his produce. Any person who wants to deal with agricultural produce for sale, purchase, processing and storage needs licence. The licence can be for part of one year or upto twenty years. They will have to abide by some terms and conditions. The role of licensee as dealers has been explained for the proper functioning of the markets. The duty and work of weighmen and palledars have also been specifically mentioned for smooth sale and purchase with some terms and conditions.

Every inch of the state of Punjab has been notified in one or the other notified market area for regulation. The provisions for regulation of produces with regard to sale, purchase, weighment, fixation of trade allowances are provided in the interest of seller as well as purchaser. The stringent action is prescribed in case of violation of the Act, Rules, Byelaws and instructions. Huge quantity of arrivals as shown in annexure numbers III and IV takes place within short span of time therefore, control over arrivals as per the availability of space is lacking under the Act.