

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Agricultural Marketing Department – Amendments to the Andhra Pradesh (Agricultural Produce & Livestock) Markets Rules, 1969 – Final Notification – Issued.

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**AGRICULTURE & COOPERATION (MKTG.I) DEPARTMENT**

G.O.MS.No. 38

Dated: 10-05-2016

Read the following

- 1) G.O.Ms.No.1990, Food & Agri,(Legislation), Dept., Dt:17.10.1969.
- 2) The A.P (Agricultural Produce & Livestock) Markets (Amendment) Act, 2015 (Act No.14 of 2015) publish in the A.P Gazette No.14, Part IV-B, Extraordinary, dated 8.10.2015.
- 3) From the Commissioner & Director of Marketing, A.P, Hyderabad, Letter No.Projects/47/2015, dated 08.03.2016.
- 4) G.O.Ms.No.9, Agriculture & Cooperation (Mktg-I) Dept., dated 28-01-2016.
- 5) Gazette No.12, dated 30-01-2016 of Preliminary Notification.

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**ORDER:**

The following notification will be published in the extraordinary issue of the Andhra Pradesh Gazette, dated 12-05-2016.

**FINAL NOTIFICATION**

In exercise of the powers conferred under sub-section (1) of section 33 of the Andhra Pradesh (Agricultural Produce & Livestock) Markets Act,1966, the Government of Andhra Pradesh hereby makes the following amendments to the Andhra Pradesh (Agricultural Produce & Livestock) Markets Rules,1969. The intention of making such amendment having been previously published as required under sub-section (4) of section 33 of the said Act, vide G.O.Ms.No.9, Agriculture & Cooperation (Mktg-I) Department, dated 28-01-2016 and published in the extraordinary issue of the Andhra Pradesh Gazette No.12, dated 30-01-2016 as no objections and suggestions were received in the matter.

**AMENDMENTS**

**In the said rules :-**

1. after clause (xxvi) of rule 2, the following shall be added, namely,-

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| “(xxvii) | ‘Assaying’ means the qualitative and/or quantitative analysis of notified agricultural produce against a set of parameters specified by the Director of Marketing.   |
| (xxviii) | ‘Clearing and Forwarding Agent’ means any person engaged in providing any service, either directly or indirectly, in connection with clearing and forwarding operations, in any manner to any other person and registered with Agricultural Market Committee as a Clearing and Forwarding Agent. |
| (xxix)   | ‘E-transport permit’ means transport permit generated through electronic means for transportation of Agricultural Produce, Livestock and Products of Livestock purchased by the trader.  |
| (xxx)    | ‘Sampling’ means an act of drawing a representative sample from the produce offered for sale, by following the prescribed procedure:   |

(xxxi) 'Transaction charges' means the charges as notified by the Director of Marketing and payable by the buyer on the value of commodities purchased through the electronic platform."

2. after rule 3, the following shall be inserted, namely,-

**“3.A** The market committee may, on receipt of an application in the prescribed form from the operator of any warehouse / cold storage / processing unit or any other place, after satisfying itself that such warehouse / cold storage / processing unit or the place has the required infrastructure for scientific storage and handling of the notified Agricultural Produce/Livestock or products of livestock, declare it as a market.

The market committee, within 15 days of such declaration, shall forward a proposal to the Government for notifying such warehouse / cold storage / processing unit as a notified market area under section (4)(3)(c) of the Act.”

3. after sub-rule (3) of rule 33, the following shall be added, namely,-

“(4) (i): Quality related disputes of assayed produce traded through online marketing shall be settled by the Secretary or his nominee and one of the members of the disputes sub-committee, on the same day of the transaction.

(ii) If either party to the dispute is not satisfied with the resolution through the clause (i) above or no resolution can be found under clause (i) above, the dispute sub-committee shall settle the dispute.

(iii) The Director of Marketing may issue directions specifying the method of settlement of disputes arising out of online marketing of the notified commodities, under this rule.”

4. for rule 48, the following shall be substituted, namely,-

**“48** Grant or renewal of trader licence under sub-section (1)(a) of section 7 and Fees Chargeable there of:-

(1) Any person desiring for grant or renewal of a Trader licence under sub-section (1-A) of section 7 shall make an application in Form 5-A along with application fees of Rs.100/- to the Director of Marketing or the officer authorized by him .The Director of Marketing or officer authorized by him, on receipt of such application, shall examine in all aspects and may grant and issue a licence in Form 8-A to the applicant, after collecting the licence fee of Rs.5000/-, within 7 working days, to carry out the trade in any market in the state. The Director of Marketing or officer authorized by him may reject the application duly mentioning the reasons for such refusal.

(2) Licence fee amount of Rs.5,000/- shall be deposited in a separate account maintained in nationalized bank situated in the Head Quarters of the officer issuing the licence.

(3) Traders having turnover not exceeding Rs.5,000/-(Rupees Five thousand only) per day are exempted from obtaining licence.

(4) Every application for renewal of licence shall be made one month before the expiry of its period. The licensing authority shall either renew or reject the request before expiry of the licence period.

(5) A licence granted under this rule shall be valid for 5 (Five) years from the date of issue.

**48-A. Grant or renewal of licence for Direct Purchase Centre under sub-section (1-E) of section 7 and fees chargeable thereof :-**

- “(1) Any person desiring to purchase agricultural produce directly from the agriculturalists or producer-sellers in one or more market areas may submit an application in writing, to the Director of Agricultural Marketing in Form 5-B along with application fee of Rs. 500/- for grant of licence, as Direct Purchase Centre, along with the documents specified in the form subject to the following conditions, namely,-
- (i) The applicant shall furnish in Form 5-B, the details of direct purchase centers proposed to be initially opened.
  - (ii) The applicant shall submit details of financial status supported by Audited statement of accounts for the past three years along with Memorandum and Articles of Association if it is a company and other documents showing the credibility of the applicant for direct purchase of notified agricultural produce from agriculturists / producer-sellers.
  - (iii) The applicant shall provide necessary infrastructure listed in Form 5-B, including the IT enabled environment for weighing, billing etc., at the direct purchase center and for conducting the purchases through the designated online marketing platform.
  - (iv) The direct purchase centre may be established on the land owned by the applicant or on the land taken on a lease for a period of not less than five years with possession. The applicant shall furnish supporting documents and layout plan of the centre indicating the facilities provided along with the application.
  - (v) The licensee shall prominently display through electronic media, the prices of selected commodities prevailing in the neighboring markets on the last day of trading and as disseminated by the Director of Marketing.
  - (vi) The licensee shall purchase the produce from farmers or producer-sellers through the designated online marketing platform as per the Minimum Support Price (MSP) norms notified by the Government or the prices prevailing in the neighboring markets whichever is higher.
  - (vii) The licensee shall pay the market fee on-line to the designated account on daily basis, in respect of each centre and furnish the centre-wise statement of daily transactions, on line, to the Director of Marketing.
- (2) The licence fee for grant or renewal of licence for establishment of a direct purchase centre shall be Rupees Fifty Thousand payable by demand draft in favour of the Director of Marketing, Govt. of Andhra Pradesh. Provided that the licence fee paid by the applicant shall be refunded if the grant or renewal of the licence is refused, within 15 days of such refusal, after deducting ten per cent of the fees towards processing charges.
- (3) The Director of Agricultural Marketing may, after satisfying himself that the applicant made adequate arrangements and provided required infrastructure for purchasing the notified agricultural produce from the agriculturists in the proposed direct purchase center, grant licence in Form 8-B to operate such center as a Direct Purchase Center, subject to the licence conditions.

- (4) The applicant shall deposit with the Director of Marketing, an irrevocable continuous bank guarantee or cash security of Rupees Two Lakhs or an amount equal to three percent of the highest turnover of any month in the previous year, whichever is more. The requirement of the amount of Bank guarantee or security shall be re-assessed every quarter on the basis of the actual turn over. The licensee shall furnish additional security, if any, within 15 days of intimation by the Director of Marketing.
- (5) The direct purchase center licensee shall do cash and carry business in the direct purchase center and pay the sale proceeds to the sellers account through online transfer on the next working day of purchase.
- (6) A licence granted under sub-rule (4) shall, unless renewed remain in force for a period of 5 years from the date of issue.
- (7) Every application for renewal of licence shall be made one month before the expiry of its validity. The licensing authority shall either renew or reject the application before expiry of such validity.
- (8) Subject to the provisions of the Act, Rules and the conditions of licence, the direct purchase center licensee shall operate in the place for which licence has been granted.
- (9) The Direct Purchase Center licensee shall maintain record of disposal of the notified produce and furnish monthly returns to the Director in the prescribed format.”

5. for rule 49 , the following shall be substituted, namely,-

**“49 : Grant or renewal of licence for commission Agent, Warehouseman, Processor, Weighman, Hamal etc., : -**

- (1) No person shall operate within notified market area as Commission Agent, Weighman, Hamal except and in accordance with the conditions of a licence granted to him by the Market Committee.
- (2) No person shall operate within notified area as warehouseman, processor except and in accordance with the conditions of a licence granted to him by the Market Committee
- (3) Any person desiring grant or renewal of licence under sub rule (1) or (2) shall make an application to the Agricultural Market Committee in the Form specified against the category along with the fee as specified below.

Sl. No.	Licence to operate as	Application Form	Application fees	Licence fee	Licence Form
(1)	Commission Agent	5-C	100	5000	8-C
(2)	Warehouseman	5-D	100	5000	8-D
(3)	Processor	5-E	50	2000	8-E
(4)	Weighman	5-F	50	1000	8-F
(5)	Hamal	5-G	10	100	8-G

- (4) Agricultural Market Committee on receipt of such application shall examine in all aspects and may grant and issue the licence in the respective Form to the applicant, after collecting the licence fee specified above, within 45 days from the receipt of application. The Agricultural Market Committee may reject the application duly mentioning the reasons for such rejection.

- (5) No person shall operate as a commission agent in the notified market area unless he has furnished and continues to maintain a security, commensurate with his turnover, by way of bank guarantee as well as deposited the amount specified by the Government from time to time.
- (6) Subject to the provisions of the Act, Rules and bye-laws, the security furnished by the commission agent shall be released within three months from the date of the ceasing to be a commission agent, after the market committee satisfies itself that there are no dues to it from him and there are no complaints of non receipt of sale proceeds.
- (7) Every licence granted under this rule shall be valid for a period of 5 (Five) years from the date of issue.
- (8) Every application for renewal of licence shall be made 60 days before its expiry. The licensing authority shall either renew the licence or reject the application before expiry of the licence period.
- (9) A Commission agent licence shall not be renewed if the commission agent owes any dues to the producer-seller or the AMC.

**49-A. Registration of clearing and forwarding agent: -**

- (1) Any person desiring to provide the services as clearing and forwarding agent for the commodities transacted in the notified market area shall register with the market committee by submitting an application in Form 5-F and on payment of registration fee of Rs. 200/-.
- (2) Market committee shall maintain the list of all registered clearing and forwarding agents. If the purchaser of commodities wishes to take delivery through a clearing and forwarding agent he shall do so through any of the clearing and forwarding agents registered with the market committee.
- (3) In case of any complaints of malpractices on the part of the registered clearing and forwarding agent, Market committee after issuing a notice and making a summary enquiry, may suspend or cancel the registration. Market committee may also cancel the registration on the request of the clearing and forwarding agent. All such cancellations shall be promptly reflected in the register maintained by the market committee.”

6. rule 50 shall be omitted.

7. in rule 51 for the words, “The Market Committee, if it is satisfied that licence issued by it” the words “The Director of Marketing or officer authorized by him or the market committee, as the case may be, if satisfied that licence issued” shall be substituted.

8. in rule 52,-

(1) in sub-rule (1) for the first para, the following shall be substituted, namely,-

“The Director of Marketing or the officer authorized by him may cancel or suspend for a specified period any licence granted by him or the market committee may by a resolution passed in a meeting or by circulation and approved by a majority of its members, cancel or suspend for specified period any licence granted by it, if the said authority is satisfied that:”

(2) in sub-rule (2) for the words “The market committee”, the words “The Director of Marketing or officer authorized by him or the Market Committee” shall be substituted.

**9.** in rule 53,-

(1) in sub-rule (1) after the words, “from the orders of the market committee”, the words “or from the orders of the officer authorized by the Director of Marketing” shall be inserted and after the words “records from the market committee” the words “or from the officer authorized by the Director of Marketing” shall be inserted.

(2) after sub-rule (2), the following shall be added, namely,-

“(3) An appeal from the orders of the Director of Marketing shall be preferred within a period of ninety days from the date of communication of such orders before the Government. The Government shall, on receipt of such appeal, call for all the relevant registers and records from the concerned, make or cause such enquiry as it deems necessary and pass orders either confirming or cancelling the orders of suspension or cancellation of the licence.

(4) The Government may suspend the execution of the order pending the exercise of its power under sub-rule(3) in respect thereof.”

**10.** in rule 53-A,

(1) in sub-rule (3) (i) for clause (b) , the following shall be substituted, namely,-

“(b) the detailed project report shall contain details of extent of land / Built up area in which the market is proposed to be established, facilities for cleaning, grading, packing, sampling, assaying and storage of any one or more notified agricultural produce, livestock and products of livestock and IT enabled processes to support purchase and sale of the notified commodities with an outlay of not less than Rs. 3.00 Crores and the user charges proposed to be levied.”

(ii) clause (c) shall be omitted,-

(2) in sub-rule (5) for clause (b), the following shall be substituted, namely,-

“(b) Licence shall be valid for a period of 10 years and renewable for an equal term at the option of the licensee.”

(3) sub-rule (6) shall be omitted.

(4) in sub-rule (9) for clause (a), the following shall be substituted, namely,-

“(a) All transactions in every licensed private market shall be carried out online on the designated online marketing platform established in the State.

The licensee shall be entitled to collect the user charges as approved by the Director of Marketing from time to time, after taking to consideration the proposal of the licensee. The licensee shall maintain such registers and furnish such returns as may be stipulated by the Director of Marketing.”

(5) for the heading, the following shall be substituted, namely,-

“grant or renewal of licence for private market under sub-section (10) of section 7.”

**11.** after rule 53-I, the following shall be added, namely,-

“53-J (1) **E-Markets:** The Director of Marketing may specify the markets where the recording of the arrivals of commodities and their movement, assaying, determination of sale price, generation of tak patties, payment of sale proceeds, payment of market fee and other market charges, generation of permits etc., in such notified market area shall be on the designated electronic on-line marketing platform as the Director of Marketing may direct in this behalf.

- (2) The Director of Marketing may issue directions on the following aspects in respect of markets specified under sub rule (1),
- (i) Quality testing of commodities, grading, quality certificate and standardization of commodities;
  - (ii) Weighing of commodities before or after the sale;
  - (iii) Storing of commodities in warehouses in the notified area and sale of such stored commodities;
  - (iv) Facilitating collateral financing and borrowing against warehouse receipts;
  - (v) Payment of sale proceeds of commodities by the traders;
  - (vi) Purchase and sale of commodities through the electronic platform;
  - (vii) Compensation to the seller in case of default by the trader or the commission agent;
  - (viii) Market intelligence reports;
  - (ix) Any other matter incidental there to.

- (3) A service level agreement shall be entered into by the Director of Marketing with service provider specifying the terms and conditions for providing the electronic on-line marketing platform and its services for the markets in the state and apportion the costs of providing such services amongst the concerned the market committees, which shall be binding on the market committees.”

12. for rule 54, the following shall be substituted, namely, -

“54. Sale of notified commodities:- Sale of the notified agricultural produce, livestock or products of livestock brought into a market for sale shall be either by tender system or by open auction or by E-tendering, E-auctioning or by sample or by reference to a known standard or in such other manner as may from time to time be directed, by the Director of Marketing and in the absence of such directions, it shall be determined by the Market Committee:

Provided that in respect of direct purchase of notified commodities by the licensee under Section 7(7), the purchase shall be in the manner specified in the licence.

Provided further that the sale of all the notified agricultural produce, live stock and products of livestock brought into the private market or any market declared under section 4(3)(bbb) shall be conducted through electronic unified market platform designated by the Director of Marketing”.

13. in rule 64 at the end of the 1<sup>st</sup> para after the words “recover the same from the buyer” the words “He shall be entitled to give delivery of the notified agricultural produce, livestock or products of livestock only after payment of the sale proceeds to the seller and shall also maintain the records to this effect” shall be added.

14. after rule 70, the following shall be inserted, namely,-

“70-A. Any offences under sections 17, 17-A and section 23(5) are exempted from the provisions of section 23-A.

15. for rule 73-A, the following shall be substituted, namely,-

**“73-A. Contract farming.-**

- (1) Every contract farming sponsor shall register with the registering authority of the district where he intends to enter into contract farming agreement, by submitting the required particulars in Form prescribed, along with the payment of the registration fee Rs. 500/-.
- (2) The registering authority after satisfying himself about the completeness of the application, shall enter the sponsor details in the register maintained in Form prescribed and issue the registration certificate in Form prescribed to the sponsor.
- (3) The Contract Farming Agreement between the Contract Farming sponsor and the farmers shall be in Form 11-A. It is permissible to include any additional clauses in the agreement provided such clauses shall not be to the disadvantage of the farmers.
- (4) The Contract Farming Sponsor shall submit the contract farming agreement in original, signed between the sponsor and the farmers, within thirty days from the date of entering into the agreement, to the registering authority of the district to which majority of farmers signing the agreement belongs to.
- (5) Contract farming agreement in respect of seasonal crops shall be concluded before sowing of the crops. In case of perennial crops, the agreement shall be concluded immediately at the end of flowering season.
- (6) The rate agreed between the sponsor and the farmers for sale of the notified agricultural produce shall not be less than the minimum support price, if any, declared by the Government for that year.
- (7) The sponsor while purchasing the produce shall not reject any produce on the grounds of quality, if it satisfies the fair average quality, if any, specified by the Government for that produce.
- (8) The contract farming sponsor shall furnish a security to the registering authority, in the form of a bank guarantee in the Form prescribed, for an amount equal to 20% of the contract value and valid for the contract period plus three months.
- (9) Either party to the contract farming agreement, namely the sponsor or the farmer, can file a dispute before the registering authority in case of any breach on the part of the other party. The registering authority shall register dispute and issue notice to both parties along with copy of dispute petition, give them an opportunity to make their submissions and hear both the parties and pass appropriate orders as expeditiously as possible.
- (10) Contract farming sponsor is responsible to take possession of the contracted produce from the designated collection centres agreed to under the contract. The collection centre shall have electronic weighing scales with facility for digital display of weight and the value of the produce and also for generation of bill for each farmer.
- (11) The contract farming sponsor shall make payment of the bill amount to the farmer by online transfer to farmers bank account not later than the next working day.



- (12) The contract farming sponsor shall pay the specified market fee to the respective market committee account for the transactions carried out during the previous week, on the first working day of the next week.
- (13) The contract farming sponsor shall furnish monthly returns to the registering authority, by 5<sup>th</sup> of every month, with the details of quantities and value of produce purchased from each of the farmers, details of the payments made to the farmers and the details of market fee paid to the market committee.
- (14) Purchase of Produce under Contract Farming Agreement: The Contract Farming Sponsor on purchase of agricultural produce under the Contract Farming Agreement in the market area shall pay market fee as specified.
- (15) Period of Contract Farming Agreement: The period of contract farming agreement shall be for one crop season only.
- (16) By virtue of contract farming agreement, under no circumstances the contract farming sponsor shall have any claim, whatsoever, on the land or any property of farmer.
- (17) Submission of Annual reports by Contract Farming Sponsor: The Contract Farming Sponsor shall prepare an annual report as an abstract of transactions of previous year giving details of village wise number of farmers, quantity contracted, quantity purchased, value of the produce and the payments made to the farmers account and submit to the Registering Authority, before 30<sup>th</sup> June of every year.
- (18) Appeal against the decision of the Registering Authority: (1) Any person who is aggrieved by the decision of the registering authority in deciding the dispute may within a period of thirty days from the date of such decision, file an appeal before the Director of Marketing, along with a copy of the order appealed against.
- (19) The appellate authority, after giving reasonable opportunity of being heard to both the parties and after verifying the records, shall decide the appeal within a period of thirty days and decision of the appellate authority shall be final.”

16. for sub-rule (4) of rule 74 the following shall be substituted, namely,-

“(4) The Market fee shall be realized as follows:

- (a) If the produce is sold through a commission agent, the commission agent shall realize the market fee from the purchaser and be liable to pay the same to the Committee.
- (b) If the produce is purchased directly by a trader from a producer, the trader shall be liable to pay the market fee to the Committee;
- (c) If the produce is purchased by a trader from another trader, the trader selling the produce shall be liable to pay the market fee to the Committee and realize it from the purchaser.
- (d) In any other case of sale of such produce, the purchaser shall be liable to pay the market fee to the Committee.
- (e) The persons liable to pay the market fee, if not already paid at the time of transaction or at the time of obtaining the e-transport permit, shall pay the same to the Market Committee on every first working day of the week in respect of the transactions of the previous week.
- (f) The person liable to pay the market fee shall pay the same to the account notified by the Agricultural Market Committee.”

17. after rule 74, the following shall be inserted, namely,-

**“74-A: e-transport permit for transportation of the notified commodities purchased by the trader:-**

- (1) Every vehicle carrying notified commodities purchased by a trader shall be accompanied by an e-transport permit obtained from the designated by electronic online marketing platform.
- (2) In case of purchases through the commission agents in the market yard, the e-transport permit shall be generated on the designated electronic online marketing platform, using the user id and password of the commission agents, immediately after giving delivery of purchased notified commodities.
- (3) In case of purchases made by the trader, otherwise than through commission agents, he shall first remit the market fee to the designated account of the market committee and shall generate the e-transport permit on the designated electronic online marketing platform, using the traders user id and password.
- (4) The e-transport permit generated on the platform can be printed by the commission agent / trader as the case may be.
- (5) e-transport permit being the proof of having paid the market fee, shall be adequate for allowing the transportation of the notified commodities covered by e-transport permit to anywhere beyond the notified area without attracting any further levy of market fee.
- (6) Where the e-transport permit is generated using the commission agent user id and password, there shall be copies for commission agent, trader, copy to accompany the vehicle and a copy for the market committee.
- (7) Where the e-transport permit generated by the trader under sub-rule (3), there shall be one copy for the trader, one copy to accompany the vehicle and one copy for the market committee.
- (8) The e-transport permit accompanying the notified commodities in transit shall be produced for inspection at the check-post or to the officer authorized to exercise the powers under rule, 75. Trader copy shall be retained by the trader which shall be produced at the time of assessment or during the inspection.
- (9) In case of secondary sales by the traders, fresh e-transport permit can be generated by the traders selling the commodities and this e-transport permit shall be linked with the relevant previous e-transport permit(s).
- (10) The existing export permit system will be discontinued from a date to be notified by the Government and from that date e-transport permit will become mandatory.”

**18.** in rule 75, in sub-rule (1) after the words “except on production of the” the words “e-transport permit and” shall be inserted.

**19.** in rule 86-A, in sub-rule (1), for the figure “10%”, the figure “25%” shall be substituted.

**20.** in rule 86-B, in sub-rule(1), after clause (iii), the following new clause shall be inserted, namely,-

“(iii)(a): grant incentives for private investments to create and development of infrastructure for value addition in the marketing of notified produce in the manner specified by the Government by special or general order.”

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

T. VIJAY KUMAR,  
SPECIAL CHIEF SECRETARY TO GOVERNMENT (AGRI.)  
& SECRETARY TO GOVERNMENT (C & AM). (FAC)

To

The Commissioner of Printing, A.P., Hyderabad. with a request to publish the notification in the next extraordinary issue of the A.P. Gazette and furnish 500 copies to Agriculture & Cooperation Department and 100 copies to Commissioner & Director

of Agricultural Marketing, A.P., Hyderabad.

The Commissioner and Director of Agricultural Marketing, A.P., Hyderabad.

**Copy to:-**

The Law ( A ) Department.

The O.S.D to Hon'ble Minister (Marketing & Warehousing).

The P.S.to Spl.Chief Secretary to Government (Agri.), Agri. & Coop. Department.

The AM.II Section, Agri. & Coop. Department.

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SECTION OFFICER