

പതിനാലാം കേരള നിയമസഭ

പത്താം സമ്മേളനം

നക്ഷത്രചിഹ്നമിടാത്ത
ചോദ്യം നമ്പർ: 1304.

06-03-2018 ൽ മറുപടിയ്ക്ക

കരാർ കൃഷിയുമായി ബന്ധപ്പെട്ട കരട് മാർഗ്ഗ നിർദ്ദേശം.

ചോദ്യം

ശ്രീ.കെ. കൃഷ്ണൻകുട്ടി
.. സി.കെ.നാണു
.. കോവൂർ കുഞ്ഞുമോൻ
.. കെ.ബി.ഗണേഷ് കുമാർ

മറുപടി

ശ്രീ. വി.എസ്. സുനിൽകുമാർ
(കൃഷി വകുപ്പ് മന്ത്രി)

(എ) കേന്ദ്രം പുറത്തിറക്കിയ കരാർ കൃഷിയുമായി ബന്ധപ്പെട്ട കരട് മാർഗ്ഗനിർദ്ദേശം, സംസ്ഥാനത്തിന്റെ അഭിപ്രായം അറിയിക്കുവാനായി ലഭിച്ചിട്ടുണ്ടോ;	(എ) ലഭിച്ചിട്ടുണ്ട്.
(ബി) ഉണ്ടെങ്കിൽ അതിന്റെ പകർപ്പ് സർക്കാർ സ്വീകരിച്ച നടപടികളും വിശദമാക്കുമോ?	(ബി) മാർഗ്ഗനിർദ്ദേശത്തിന്റെ പകർപ്പ് അനുബന്ധമായി ചേർക്കുന്നു. കരാർ കൃഷിയുമായി ബന്ധപ്പെട്ട കരട് മാർഗ്ഗനിർദ്ദേശം സർക്കാർ പരിശോധിച്ചു വരികയാണ്.

സെക്ഷൻ ഓഫീസർ

പ്രാഥമിക പരിഷ്കരണം



PRELIMINARY DRAFT

FOR

MODEL ACT

The -----State /UT Agricultural Produce and Livestock Contract Farming
(Promotion & Facilitation) Act, 2018

-----, 2018

Government of India

Ministry of Agriculture and Farmers' Welfare

Department of Agriculture, Cooperation and Farmers' Welfare

The -----State /UT Agricultural Produce Contract Farming (Promotion and Facilitation) Act, 2018

CONTENTS

➤ Statement of Objects and Reasons

SECTION	PAGE
Chapter I	
PRELIMINARY	
1. Short title, extent and commencement	1
2. Definition	1
Chapter II	
CONTRACT FARMING (PROMOTION AND FACILITATION) AUTHORITY	
3. Establishment and incorporation of Contract Farming (Promotion and Facilitation) Authority	6
4. Composition of the Authority	8
5. Tenure of office and conditions of service of Chairperson and official Members of the Authority	9
6. Salary, allowances and other terms and conditions of Chairperson and official Members of the Authority	10
7. Removal and suspension of Chairperson and official Members of the Authority	11
8. Term of office of non- official Member of the Authority	11
9. Allowances to the non-official Members	12
10. Meetings of the Authority , its Proceedings and Quorum	12
11. Vacancies, etc., not to invalidate proceedings of the Authority	13
12. Officers and employees of the Authority	13
CHAPTER –III	
POWERS AND FUNCTIONS OF AUTHORITY AND ITS CHAIRPERSON	
13. Powers and Functions of the Authority	13
14. Powers and Functions of the Chairperson	17
15. Authority to frame bye-laws	18
CHAPTER –IV	
FINANCE, ACCOUNTS AND AUDIT	
16. Grants by State Government/ UT Administration, Constitution of Fund and Audit of Accounts	19
CHAPTER –V	
REGISTRATION, RECORDING OF AGREEMENT AND FACILITATIVE FRAMEWORK	
17. Registration of Contract Farming Sponsor and Recording of Agreement	20
18. Notification of Produce	22

19. Support to agricultural production and rearing of livestock	22
20. Sponsor prohibited from raising permanent structure on Producers' land or premises	23
21. No title, rights, ownership or possession shall be transferred or alienated or vest in the Sponsor etc.	24
22. Object and Period of Agreement.	24
23. Quality Grade Standards	25
24. Principles to determine pre-agreed price for produce.	25
25. Principles to determine sale-purchase price of produce.	26
26. Levy of Facilitation fee	26
27. Sale- purchase of Produce.	26
28. Insurance of Produce.	29
29. Other parties to the Contract	29
30. Alteration and termination of Contract	30
CHAPTER – VI	
DISPUTE SETTLEMNT, APPEAL AND PENALTIES	
31. Negotiation or third party mediation /conciliation	30
32. Dispute Settlement Officer	30
33. Appeal	31
34. Penalties	32
CHAPTER – VII	
MISC.	
35. Submission of annual or periodical reports of accounts.	32
36. Recovery of dues from any party to the Contract	32
37. Recovery of loans and advances given by the Contract Farming Sponsor to the Contract Farming Producer	32
38. Power to order production of accounts and powers of entry, inspection and search	32
39. The Chairperson and the Members or employees of the Authority to be public servants	33
40. Protection of action taken in good faith	33
41. Action taken by the Government/Administration on the recommendations of the Authority	33
42. Power of the Government/Administration to amend the Schedule	34
43. Power to make Rules	34
44. Power of Government/Administration to give direction	35
45. Powers of Government/Administration to supersede Authority	35
46. Bar of Jurisdiction of Civil Court	37
47. Bar of suit in absence of notice	37
48. Delegation of powers	37
49. Act to have overriding effect	38
50. Power to remove difficulties	38

STATEMENT OF OBJECTS AND REASONS-

1. The combined impact of inelastic nature of land, steadily increasing population density and continued dependence of a vast majority for their livelihood on agriculture and prevailing laws of inheritance has been causing division and fragmentation of arable land in India. More than 86 per cent of close to 120 million agricultural households are small (less than or equal to 2 ha. of cultivable land) and marginal (less than or equal to 1 ha. of cultivable land). As per census 2011, the average size of landholdings in India was 1.1 ha. The situation has only been worsening over time. The farms in the country can be called as 'family farms'.
2. The small size of farms has brought in challenges of farm viability, particularly in case of marginal parcel. Even if this hypothesis is countered, as some do, there is no doubt about the operational inefficiency that these handkerchief size farms are subject to. As long as farming remained subsistence in character, involving minimal outputs, most of which was just sufficient to meet family's food consumption needs and the meager surplus could be disposed off in local or near markets, efficiency did not count. Thanks to increasing Marketable Surplus Ratios (MSRs) for many commodities and growing consumption expenditure of the family, Input - Output ratio has come to demand critical attention.
3. As noticed from CACP (Commission on Agricultural Costs and Prices') estimates of cost of production, they are registering annual increases. This has an impact on the net returns of the farmers. The farm income is also a function of the prices one receives on the produce. This too does not present a satisfactory picture. In order to improve the efficiency of input and output management at farm level, one of the determinants is the scale of operations. When small parcels of farmers' land are pooled, not by dispossession, but by mobilizing the owners into some form of collective operational unit, the advantages of scales of economy can be harvested to benefit small and marginal farmers. Contract farming is one of many other tools that holds such a positive potential.
4. Contract farming which in essence is a pre-production season agreement between farmers (either individually or collectively) and sponsor(s), transfers the risk of post-harvest market unpredictability from the former to the latter. While market risk cover constitutes the forerun of contract farming, it also enjoys the latitude of greater partnership between the two parties, whereby, the sponsor agrees to professionally manage inputs, technology, extension education, pre and post-harvest infrastructure and services, etc. as per mutually agreed terms. The small and marginal farmer thereby gets to enjoy additional benefits of operational efficiency.
5. Continuing with a basket of reforms in the agriculture sector, as a natural corollary to its commitment to doubling the farmers' income by 2022, the Union Government in its Budget, 2017-18 announced, that a "Model Contract Farming Act"

shall be drafted and shared with all the states and Union Territories. Respecting this sentiment necessitated removal of the conflict of interest that plagued the system of contract farming under the provisions of the state APMC Acts. This was addressed in the Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2018 which left out all provisions relating to contract farming and paved way for drafting an exclusive model law on the subject of contract farming.

6. As a sequel to the Union Finance Minister's budget announcement, the Minister for Agriculture and Farmers' Welfare approved constitution of a Committee vide Order dated 28th February, 2017 to formulate a Model Contract Farming Act. In harmony with its mandate, the Committee comprising members from different departments / ministries of the Union Government and from select states, decided to prepare a model provision called "The _____ State / Union Territory Agricultural Produce and Livestock Contract Farming (Promotion and Facilitation) Act, 2018, that would be a comprehensive, promotional facilitative and soft model law on contract farming.

7. The singular guiding factor that informed the Committee in formulating this law has been protecting and promoting the interests (land ownership, higher productivity, reduced cost, higher price returns) of the farmers in general, and small & marginal farmers in particular. Parallely, the Committee was guided by the necessity of incentivizing the sponsor, if the latter was to find it attractive enough to buy the market risks of a farmer. The provisions, therefore aim at building a win-win framework for the two principal parties to the Agreement. The role of a guide and an umpire has been recognized, and hence the creation of an Authority has been usually facilitated. Keeping in mind the spectrum of agricultural activities that Indian farmers practise, the Model Act has been tailored comprehensively to include all categories of agronomic & horticultural crops, as also the diverse universe of livestock, dairy, poultry and fishery. It further encompasses outputs that are both raw and primary processed in form. The salient features of this Model Contract Farming Act are as follows:

- (i) Setting up of an appropriate and unbiased state level agency called "Contract Farming (Development and Promotion) Authority" to carry out the assigned mandates under the provisions relating to contract farming and popularize it among the stakeholders. Alternately, existing organization/ institution in the State/UT deemed appropriate to take on such a role to be recognized
- (ii) Constitution of a "Registering and Agreement Recording Committee" at district/block/taluka level for registration of contract farming sponsor and recording of contract, so as to implement effectively contract farming.
- (iii) Enables production support, including extension services to the contracting farmers or group of farmers through supply of quality inputs, scientific agronomic package of practices, technology, managerial skills and necessary credit. Contract farming produce / product is covered under crop / livestock insurance in operation.
- (iv) Contract farming to remain outside the ambit of respective Agricultural Produce Marketing Act of the states/UTs. The additional benefit in consequence to the

buyers is freedom from market fee and commission charges, resulting in a saving of 5 – 10 per cent to their transaction costs.

- (v) Prohibiting contract farming sponsor from raising permanent structure on contract farming producers' land and premises.
- (vi) Promoting Farmer Producer Organization (FPOs) / Farmer Producer Companies (FPCs) to mobilize small and marginal farmers to benefit from scales of economy in production and post-production activities.
- (vii) No rights, title ownership or possession to be transferred or alienated or vested in the contract farming sponsor etc.
- (viii) Ensuring buying of entire pre-agreed quantity of one or more of agricultural produce, livestock or its product of contract farming producer as per contract, consistent with the provisions of this Act and Rules made thereunder.
- (ix) Making provision to guide the contracting parties to fix pre-agreed price and also to decide sale-purchase price in case of violent movement (upswing or downswing) of market price vis-à-vis pre-agreed price as a win-win framework.
- (x) Providing Contract Farming Facilitation Group (CFFG) at village /panchayat level to take quick and need based decision relating to production and post-production activities of contracted agricultural produce, livestock and/or its product.
- (xi) Purchasing of agricultural produce, livestock and/or its produce based on quality parameters as per contract farming agreement.
- (xii) Catering to a dispute settlement mechanism at the lowest level possible for quick disposal of disputes arising out of the breach of contract or contravention of any provision of the Act.

8. The Act falls under Entry 7- "*Contracts, including partnership, agency, contracts of carriage, and other special forms of contracts, but not including contracts relating to agricultural land*" of the List-III (Concurrent List) of the Seventh Schedule (Article 246) of the Constitution. Hence, the State Legislature, in accordance with Article 246 (2), is competent to enact the law on farming contract.

The -----State /UT Agricultural Produce and Livestock Contract Farming
(Promotion & Facilitation) Act, 2018

An

Act

to provide for improved production and marketing of agricultural produce, livestock and its product through holistic contract farming and to facilitate the contracting parties to develop mutually beneficial an efficient contract farming system by putting in place a friendly and effective institutional mechanism and conducive regulatory and policy framework for contract farming and lay down procedures and systems and the matters connected therewith and incidental thereto.

Be it enacted by the -----State Legislature in the sixty eight year of the Republic of India as follows:

CHAPTER -I

PRELIMINARY

Short title, extent and commencement.	1.(1)	This Act may be called the "The-----State/UT Agricultural Produce and Livestock Contract Farming (Promotion & Facilitation)Act. 2018.
	(2)	It extends to the whole of State/ Union Territory (UT).
	(3)	It shall come into force on such date as the State Government/ Union Territory Administration may, by notification, appoint.
Definition.	2.	In this Act, unless the context otherwise requires, -
	(a)	"Administration" means an administration of a UT;
	(b)	"Agreement" means the Contract Farming Agreement between the Contract Farming Sponsor, who offers to purchase the agricultural produce and/ or livestock and/ or its products and the Contract Farming Producer, who agrees to produce the crop or rear the livestock, under which the production/rearing and marketing of an agricultural produce or livestock or its product is carried out as per the conditions laid down in the agreement. The Contract Farming

Sponsor has to purchase the agricultural produce or livestock or its product as per pre-determined price or price as in the agreement made prior to sowing of the crop in case of agricultural produce or at the time of making agreement for livestock or its product. The Contract Farming Sponsor may support the production/rearing activity through supply of inputs, feed, technical advice or any other activity related thereto, as may be mentioned in the agreement;

(c)	"agriculture" means growing or cultivation of plants or produce of agriculture, horticulture, apiculture, sericulture, or forest/ or any other such activity for the purpose of food, fodder, fiber, bio-fuel and raw materials etc. for agro-industries;
(d)	"agricultural produce" includes all produce, whether minimally processed or not of agriculture, horticulture, apiculture, sericulture, or forest/ or any other such activity as specified in the Schedule to this Act;
(e)	"Authority" means the State/UT Contract Farming (Promotion and Facilitation) Authority established under Section 3 of this Act;
(f)	"board" means the State/Union Territory Agricultural Marketing Board constituted under State/UT Agricultural Produce Marketing Act;
(g)	"Chairperson" means Chairperson of the State/UT Contract Farming (Promotion & Facilitation) Authority appointed by Government/Administration under Section 4 of this Act;
(h)	"Committee" means "Registering and Agreement Recording Committee" constituted under Section 17 (1) of this Act to register the Contract Farming Sponsor and record the agreement made under this Act;

(i)	"company" means a public limited company registered under the Companies Act, 1956.
(j)	"contract" means law enforceable agreement made under this Act;
(k)	"contract farming" means farming by a Contract Farming Producer as specified under written Agreement with Contract Farming Sponsor to the effect, that farm produce including livestock or its product shall be purchased by the Contract Farming Sponsor or by duly authorized agent therefor, as specified in the agreement;
(l)	"Contract Farming Producer" means a farmer or FPO, who has agreed to produce/rear the crop and/or livestock and/or its product in the manner set forth in the agreement and supply the same to the Contract Farming Sponsor or duly authorized agent therefor, as per terms and conditions laid down in the agreement;
(m)	"Contract Farming Sponsor" means a person who has entered into Contract Farming Agreement under this Act;
(n)	"dispute settlement Authority" means Authority designated, by the Government/Administration, by notification, under Section 32;
(o)	"farmer" means a person, who is engaged in production of agricultural produce or rearing of livestock by himself or by hired labour or otherwise, including leasee, tenant and sharecropper
(p)	"Farmer Producer Company (FPC)" means a company of farmer producer members as defined in Section IXA of the Companies Act, 1956, including any amendments thereto, re-enactment thereof and incorporated with the Registrar of Companies;

(q)	<p>"Farmer Producer Organisation" (FPO) means an association of farmers, or, whatever name/ form it is called/ exists, registered under any law for the time being in force, which is to mobilize farmers and build their capacity to collectively leverage their production and marketing strength;</p>
(r)	<p>"firm" means a firm as defined under Indian Partnership Act, 1932;</p>
(s)	<p>"force majeure" means an event that is unforeseeable, unavoidable and outside the control of contracting parties, comprising flood, drought, bad weather, earthquake, epidemic outbreak of disease and insect-pests and such other events;</p>
(t)	<p>"Fund" means State/UT Contract Farming (Promotion and Facilitation) Authority Fund constituted under Section 16 (2) of this Act</p>
(u)	<p>"Government" means the State Government;</p>
(v)	<p>"livestock" includes domesticated animals like cattle, buffalo, goat, sheep, pig, and also includes other species like poultry, fish, birds, fish and other such other animals species, as may be declared by the Government/Administration by notification to be livestock for the purpose of this Act.</p>
(w)	<p>"livestock product" means all products of livestock, as may be declared by the Government/Administration by notification to be livestock product for the purpose of this Act;</p>
(x)	<p>"marketing" means all activities involved in the flow of agricultural produce or livestock or its product from production point commencing at the stage of harvest or otherwise, as the case may be, till the same reaches the ultimate consumers viz., grading, processing, storage transport, channels of distribution and all other functions involved in</p>

the process.

(y)	"notification" means a notification published in the official Gazette and the expression "notified" shall be construed accordingly;
(z)	"notified agricultural produce, livestock and its product" means agricultural produce, livestock or its product notified for promotion of contract farming and specified in the schedule of this Act.
(za)	"person" includes individual, a co-operative society, Hindu Undivided Family, a company or firm or an association or a body of individuals, whether incorporated or not;
(zb)	"prescribed" means prescribed by Rules made under this Act;
(zc)	"processing" means any one or more of a series of treatment including bowdlering, crushing, de-corticating, de-busking, parboiling, aging, polishing, ginning, pressing and curing or any other manual, mechanical, chemical or physical treatment to which raw agricultural produce, livestock or its product is subjected to;
(zd)	"processor" means a person that undertakes processing of any agricultural produce, livestock or its product on his own accord or on payment of a charge;
(ze)	"produce" includes agricultural produce, livestock and its product, as may be declared by the Government/Administration by notification for the purpose of this Act.
(zf)	"recording of Agreement" means recording of Contract Farming Agreement made between Contract Farming Sponsor and Contract Farming Producer under Section 17 of this Act.

(zg)	"registration" means registration of Contract Farming Scheme made under Section 17 (3) of this Act;
(zh)	"regulation" means regulation made by the Authority under Section 15 in accordance with the provisions of this Act;
(zi)	"Rules" means the rules made under this Act;
(zj)	"Schedule" means the Schedule appended to this Act;
(zk)	"State" means State as specified in the first Schedule of the Constitution of India;
(zl)	"UT" means Union Territory, as specified in the first Schedule of the Constitution of India;
(zm)	"Year" means the year as may be notified by the State Government / UT Administration;

CHAPTER -II

CONTRACT FARMING (PROMOTION AND FACILITATION) AUTHORITY

Establishment and incorporation of Contract Farming (Promotion and Facilitation) Authority.	3.(1)	<p>With effect from such date as the Government/ Administration may by notification, specify in this behalf, there shall be established an Authority to be called the State/UT Contract Farming (Promotion and Facilitation) Authority, hereinafter called Authority, to exercise the powers conferred on, and to perform the functions assigned to it by or under this Act:</p> <p>Provided that till such time the Authority is not established by the Government/Administration, it may, by notification, nominate any officer to perform the functions and exercise the powers of the Authority under this Act.</p>
---	-------	---

	<p>(2) Save as provided under sub-section (1), the Government/Administration may also alternatively designate any existing organization/institution, excepting State/UT Agricultural Marketing Department/Directorate/Board or any other such Department/Directorate/Board dealing with agricultural marketing and have conflict of interest with the contract farming activities. The designated organization/institution shall—</p> <ul style="list-style-type: none"> (i) have at least two expert incumbents, with experience and in status <i>mutatis mutandis</i> to that of official Members of Authority, appointed by Government /Administration, as may be prescribed ; (ii) have representation of two non-official domain experts in its meeting(s) nominated by Government/Administration with their term of office and allowances <i>mutatis mutandis</i> to non-official Member of Authority; and (iii) exercise the powers and perform functions in the manner and capacity <i>mutatis mutandis</i> to Authority.
	<p>(3) The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by that name, sue or be sued.</p>
	<p>(3) The head office of the Authority shall be at State/UT capital or at such place, as the Government/ Administration may notify from time to time; and the Authority may establish its office(s) at other places in State/UT.</p>

Composition of the Authority.

4.(1)

The Authority shall consist of -

(a) a Chairperson as head of the Authority, to be appointed by the Government Administration from amongst the persons of eminence in the field of agricultural sciences, agriculture, marketing, agri-business, agri-trade & commerce, land revenue & management, judiciary, general administration, development administration, banking or in other like areas with cumulative experience of not less than 20 years in one or more of the above areas or in public life or from amongst the persons from the administration who have been associated with the subject and are holding or has held the position of not below the rank of Additional Chief Secretary of State/UT or Additional Secretary to the Government of India.

(b) two Members to be appointed by the Government Administration from amongst the persons having the experience of agriculture, agricultural marketing, agri-business and agri-trade & commerce of not less than 20 years or from amongst the persons from the administration who have been associated with the subject and are holding or have held the position not below the rank of Principal Secretary in State/UT or Additional Secretary to the Government of India. In case of exceptional suitability Government/ Administration may relax the aforesaid eligibility, as may be prescribed.

(c) one member to be nominated by the Government Administration to

represent the Food Processors /Exporters But buyers linked with retail chain/ Contract Farming Sponsors, as non-official member;

(d) one Member to be nominated by the Government /Administration, to represent the farmers or their group or association, by whatever name it is called, as non-official Member;

(e) preferably at least one among the Chairperson and Members should be a woman;

(f) one Chief Executive Officer (CEO) to be appointed by the Government/ Administration from amongst the officers of State/UT not below the rank of Director of State/ UT. The CEO under the control of Chairperson shall have administrative control over the officers and other employees of the Authority.

<p>Tenure of office and conditions of service of Chairperson and official Members of the Authority.</p>	<p>5.(1)</p>	<p>The Chairperson and every official Member shall hold office for a term not exceeding five years from the date of assuming the office and shall not be eligible for reappointment in the Authority.</p> <p>Provided that no person shall hold office as the Chairperson or an official Member after he has attained the age of sixty-five years.</p> <p>Provided further, every official Member may be reappointed as Chairperson.</p>
--	--------------	--

	(2)	The person already holding an office, on appointment as Chairperson or official Member in the Authority, shall have to resign or seek retirement from that office before joining the Authority. In case of exceptional suitability, Government/Administration may appoint any person on deputation also, as may be prescribed.
	(3)	The Chairperson and official Members shall, before entering the office, make and subscribe before the Governor/ Lt. Governor/ Administrator or any officer authorized in this behalf, in oath or affirmation according to the form set out for this purpose in this Schedule.
	(4)	Notwithstanding anything contained in sub-section (1), the Chairperson and every official Member may- (a) relinquish the office by giving in writing to the Government Administration a notice of not less than three months, or (b) be removed from the office in accordance with the provisions of this Act.
Salary, allowances and other terms and conditions of Chairperson and official Members of the Authority.	6.(1)	Subject to the rules as may be made in this behalf, the salaries and allowances payable to and other terms and conditions of service of- (a) the Chairperson shall be <i>mutatis mutandis</i> , at par to the post as held/ holding and drawing the salary before his appointment; and (b) the official Members of the Authority shall be <i>mutatis mutandis</i> , at par to the post as held/ holding and drawing the salary before this appointment.

of Chairperson and official Members of the Authority.

remove the Chairperson or any official Member from office who-

(a) is, or at any time has been, adjudged as an insolvent; or

(b) has become physically or mentally incapable of acting as a Chairperson or Member, as the case may be; or

(c) has been convicted of an offence which, in the opinion of the Government/Administration, involves moral turpitude; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Chairperson or Member, as the case may be; or

(e) has so abused his position as to render his continuance in office detrimental to the public interest.

(2) No Chairperson and any official Member shall be removed under sub-section (1) unless has been given a reasonable opportunity of being heard in the matter.

(3) Government/Administration may suspend Chairperson or any official Member in respect of whom the process of removal from service is pending.

8. (1) Term of office of non-official Member of the Authority. The term of office of the non-official Member of the Authority shall be for five years. However, the Members may hold office at the pleasure of the Government/Administration. The Government/Administration may, if it thinks fit, remove any non-official Member of the Authority before expiry of term of office.

	(2)	No person may be non-official Member of the Authority twice more than once.
	(3)	No non-official Member shall be removed under sub-section () unless has been given a reasonable opportunity of being heard.
Allowances to the non-official Member.	9.	The non-official Member of the Authority shall be paid from the State/UT Contract Farming (Promotion and Facilitation) Authority Fund such sitting fee and allowances for attending its meeting and/or attending to any other work as may be assigned by the Authority.
Meetings of the Authority, its Proceedings and Quorum.	10. (1)	The Authority shall meet for the transaction of its business at least once in every month on such date and at such time, as the Chairperson may determine. Provided that the Authority may in special circumstances meet at any time and at any place in the State/UT, as may be prescribed.
	(2)	In the absence of the Chairperson due to leave etc., the Chairperson will authorize any of the other members to function as Chairperson and shall preside over its meeting. In case of vacancy of Chairperson arising out of suspension, resignation, dismissal or death etc., the Government/ Administration will nominate any of the other Member to function as Chairperson till such time as a regular incumbent assumes the office.
	(3)	The Member so authorized or nominated to discharge the functions and powers of the Chairperson under sub-section (2) shall not be entitled to any compensation, allowance or facility in addition to what he would be entitled to as a Member.

	(4)	Minimum half of the total number of Members of the Authority shall form the quorum for transacting the business at the meeting of the Authority.
	(5)	All questions which come up before any meeting of the Authority shall be decided by a majority of vote by the Members present and voting, and in the event of an equality of votes, the Chairperson, or the person presiding shall have a second or casting vote.
Vacancies, etc., not to invalidate proceedings of the Authority.	11. (1)	No act or proceeding of the Authority shall be invalid merely by reason of- (a) any vacancy in, or any defect in the constitution of, the Authority; or (b) any defect in the appointment of a person acting as a Member of the Authority; or (c) any irregularity in the procedure of the Authority not affecting the merits of the case.
Officers and employees of the Authority.	12. (1)	The Government/ Administration shall provide the Authority with such officers and employees as may be necessary for the efficient discharge of its functions under this Act.
	(2)	The terms and conditions of service of officers and other employees of the Authority appointed under sub-section (1) shall be governed by regulations to be approved by the Government/ Administration.

**CHAPTER -III
POWERS AND FUNCTIONS OF AUTHORITY AND ITS CHAIRPERSON**

Powers and Functions of the Authority.	13 (1)	It shall be the duty of the Authority to ensure proper implementation of this Act and to make suggestions to the State/UT for promotion and efficient performance of contract farming. For this purpose, the Authority shall- (a) entertain and dispose of appeal under
--	--------	--

Section 39:

- (b) take *ex-ante* notice of failure to perform as per agreement and refer such cases for decision to the concerned Sub-Divisional Magistrate/ Officer, In-charge of Revenue and General Administration of the Sub-Division, by whatever name it is called, pass such order, as may be appropriate;
- (c) carry out inspections of offices entrusted with the task of contract farming and also the office of the Sub-Divisional Magistrate/ Officer, In-charge of Revenue and General Administration of the Sub-Division concerned;
- (d) recommend departmental action against any officer or employee of the Government/ Administration who has failed in due discharge of functions cast upon under this Act;

Provided that before making such a recommendation, the Authority shall consult the administrative Secretary in-charge of the department concerned to whom the matter relates;

- (e) recommend changes in procedures for contract farming which will make the subject more transparent, objective, simpler and successful;
- (f) recommend additional crops, livestock and other products to be notified for contract farming under Section 18 and may also suggest modifications in the notifications already issued for better implementation of this Act; and
- (g) issue general instructions, not inconsistent with the provisions of this Act for the guidance of Sub-Divisional Magistrate/ Officer, In-charge of

Revenue and General Administration
of Sub-Division concerned and
related to it

	(2)	Where the Authority is satisfied that there are reasonable grounds to inquire into a matter arising out of the provisions of this Act, it may, <i>suo moto</i> , initiate an inquiry in respect thereof.
	(3)	The Authority shall, while inquiring into any matter under this Section, have the same powers as are vested in a Civil Court while trying a suit under the Code of Civil Procedure, 1908 in respect of the following matters, namely- (a) summoning and enforcing the attendance of persons, compelling them to give oral or written evidence on oath and producing documents or things; (b) requiring the discovery and inspection of documents; (c) receiving evidence on affidavits; (d) requisitioning any public records or copies thereof from any court or office; (e) issuing summons for examination of witness or documents; and (f) any other matter which may be prescribed.
	(4)	The Authority shall, under Section 26, levy and collect facilitation fee and ensure that not less than twenty five per cent of such total amount collected is spent on promotion of contract farming like training, engaging specialists for formulation of grade standards, research and such other activities.

	(5)	<p>Every year, the Authority shall also prepare-</p> <ul style="list-style-type: none"> (a) a general report covering all the activities of the Authority in the previous year; (b) programmes of work; (c) the annual accounts of the previous year, and (d) the budget for the coming year clearly indicating the probable revenue including grants from Government/Administration, if any, and expenditures to constitute the State/UT Contract Farming (Promotion and Facilitation) Authority Fund made under Section 16 (2).
	(6)	<p>The Authority shall forward the general report and the programmes to the Government/Administration and shall publish it.</p>
	(7)	<p>The Authority shall approve its financial expenditure for the contract farming in the State/UT as well as for day to day activities of the Authority and report to the Government/Administration.</p>
	(8)	<p>The Authority may prepare and undertake an extensive and periodical publicity programme to publicize contract farming and upgrade skill, knowledge among farmers with particular focus on youth and women, processors and other such stakeholders.</p>
	(9)	<p>The Authority may, on its own or by engaging experts, formulate standards for products to be graded up.</p>
	(10)	<p>The Authority as a neutral facilitator should foster a dialogue between Contract Farming Producers and Sponsors by organizing joint meetings/ workshops to discuss contractual terms, their duties, obligations and also doubts, apprehensions, & misconceptions, if</p>

any and suggest appropriate remedies.

	(11)	The Authority may endeavour to popularize the contracted product under this Act in domestic and overseas markets as brand of contract farming produce.
	(12)	The Authority may maintain suitably designed Management Information System (MIS) of contract farming operations in the State/UT.
Powers and functions of the Chairperson.	14(1)	The Chairperson shall have powers of general superintendence and direction in the conduct of the affairs of the Authority. The Chairperson shall preside over the meetings of the Authority as well as exercise and discharge the powers and functions of the Authority vested in him in accordance with the rules framed under this Act.
	(2)	The Chairperson shall also be responsible for:- (a) the day-to-day administration of the Authority; (b) drawing up a proposal for the Authority's work programmes in the State/UT; (c) implementing the work programmes and the decisions adopted by the Authority; (d) ensuring that the Authority carries out its tasks in accordance with the requirements of its users, in particular with regard to the adequacy of the services provided and the time taken; (e) the preparation of the statement of revenue and expenditure and the execution of the budget of the Authority; and (f) any other activity as necessary to carry out the affairs of the Authority smoothly and in accordance with the

applicable provisions of this Act and the Rules made thereunder

	(3)	In case of absence of the Chairperson or vacancy in its office, the Member, so authorized or nominated as under Section 10 (2), shall perform the functions and exercise the powers vested in the Chairperson as long as the vacancy or absence continues.
Authority to make Regulation.	15. (1)	The Authority may, with the previous approval of the Government/ Administration, make regulations, not inconsistent with this Act and Rules made thereunder for the administration of the affairs of the Authority.
	(2)	<p>In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters:</p> <p>(a) summoning and holding of meetings of the Authority;</p> <p>(b) powers and duties of the officers and other employees of the Authority;</p> <p>(c) salaries and allowances and other conditions of service of officers and other employees of the Authority;</p> <p>(d) management of the property of the Authority;</p> <p>(e) maintenance of accounts and the preparation of balance sheet by the Authority;</p> <p>(f) procedure for carrying out the functions of the Authority under this Act, and</p>

(g) other matters for which provisions to be or may be made by regulation.

CHAPTER -IV

FINANCE, ACCOUNTS AND AUDIT

<p>Grants by State Government/ Administration, Constitution of Fund and Audit of Accounts.</p>	<p>16 (1)</p>	<p>The Government/ Administration may, after due appropriation made by the State/UT Legislature by law in this behalf, or by other appropriate mechanism in case of UT without Legislature, make to the Authority grants of such sums of money, at the initial stage, as may be prescribed, for being utilized for the purposes of this Act.</p>
	<p>(2)</p>	<p>There shall be constituted a fund to be called "State/UT Contract Farming (Promotion and Facilitation) Authority Fund, hereinafter called "Fund" and shall be credited thereto:-</p> <p>(a) all grants provided by the Government/ Administration, fees, etc received by the Authority;</p> <p>(b) all sums received by the Authority from such other source as may be decided upon by the Government/Administration;</p> <p>(c) all sums realized by way of penalties under this Act.</p> <p>(2) The Fund shall be applied for meeting-</p> <p>(a) the salaries, allowances and other remuneration of the members, officers and other employees of the Authority;</p> <p>(b) the other expenses of the Authority in connection with the discharge of its functions and for the purposes of this Act.</p>
	<p>(3)</p>	<p>The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form and manner as may be prescribed by the Government/ Administration.</p>

	(4)	The accounts of the Authority shall be subject to audit by an agency as the Government/ Administration deems fit. The Authority may also make arrangement for internal audit of accounts.
	(5)	The Authority shall furnish to the Government/Administration at such time and in such form and manner as may be prescribed, or as the Government/ Administration may direct to furnish such returns, statements and other particulars in regard to any proposed or existing programme for the promotion and development of contract farming at State/UT level, as the Government/Administration may, from time to time, require.

CHAPTER -V

REGISTRATION, RECORDING OF AGREEMENT AND FACILITATIVE FRAMEWORK

Registration of Contract Farming Sponsor and Recording of Agreement.	17.(1)	Every Agreement shall be registered in such a manner as may be prescribed and no such Agreement shall be valid unless it is so registered with the "Registering and Agreement Recording Committee" constituted under Sub-section (2).
	(2)	Government/Administration may constitute a Committee comprising officials from the Departments of Agriculture, Horticulture, Animal Husbandry, Marketing, Rural Development, Cooperation, Fisheries/ Poultry and Allied fields not exceeding five Members headed by an officer as nominated by the Government/ Administration. The Committee may be at district/ taluka/ block level, as may be prescribed, to exercise the powers and to perform the functions assigned to it as "Registering and Agreement Recording Committee", hereinafter called Committee under this Act. The officers so nominated by the

Department may constitute such Committee, should at the minimum be a member of group 'B' gazette service.

	(3)	<p>The Contract Farming Sponsor, hereinafter called "Sponsor", shall apply to the designated "Committee" of the jurisdiction within which the produce is to be grown / raised, as the case may be, in such a form and in such manner as prescribed with a requisite fee and for such a period as contained under Section 22(2).</p> <p>Explanation: To determine the jurisdiction of the Committee, acreage exceeding fifty percent of the contracted produce will fall in jurisdiction of that particular Committee. In case of tie or jurisdictional dispute, decision of the Authority shall be final.</p>
	(4)	<p>The Committee shall, on application under sub-section (1), register the Sponsor and shall also communicate same to the Sponsor</p>
	(5)	<p>There may be one or more than one Agreement as per categorization of produce under Section 18 (2). The Agreement shall be prepared in local language clearly understandable to the Producer and shall be in such legally acceptable "Form (s)", containing such particulars and terms and conditions unambiguously and explicitly mentioned, as may be specified in the Rules, not inconsistent to this Act.</p>
	(6)	<p>The Contract Farming Producer may enter into Contract with one Sponsor or with multiple Sponsors without any overlap</p>
	(7)	<p>Notwithstanding anything contained in any law for the time being in force, Agreement under this Act shall be made on one legal</p>

		stamp paper of any denomination of Rs. 100/- or in denomination as required in the law.
	(8)	The registered Sponsor under sub-section (3) shall also get the Agreement recorded with the "Committee". While recording Agreement, the "Committee" shall ensure that the title of land is as reflected in latest record of rights.
Notification of Produce.	18. (1)	The Government /Administration may, on the recommendation of the Authority, by notification in the official gazette, declare from time to time such produce, as may be specified in the notification and Schedule to the Act, for the purposes of this Act.
	(2)	The Authority while recommending the Government /Administration for notification of produce under sub-section (1), may consider the varied factors as may be prescribed in the Rules, to categorize the same into non-volatile, semi-volatile and volatile agricultural produce and livestock and/or its product.
	(3)	The notification under sub-section (1) may be brought to the notice of the interested public by publishing in local language & English on widely circulated platform/media like newspapers, websites and such other formats.
	(4)	The notification under sub-section (1) shall state that any objections or suggestions which may be received by the Government/ Administration within such period as shall be specified in the notification, not being less than thirty days, will be considered by the Government Administration.
Support to agricultural production and rearing of	19.(1)	The Contract Farmer Produce, hereinafter called "Produce", shall get support for

livestock.		improving production and productivity by way of inputs, feed & fodder, technology and other service(s) related thereto as specified in the Agreement.
	(2)	The latitude of the Contract under the Act may include holistically from pre-production to post-production or any component(s) thereof with all terms and conditions, mentioned explicitly in the Agreement, not inconsistent to this Act.
	(3)	Farmer-Producer Organisations (FPOs), by whatever name/ form it is called/ exists, including Farmer-Producer Companies (FPCs) will be promoted among small and marginal farmers and other such farmers engaged in rearing of livestock for scale of economy in production and post-production activities.
	(4)	There shall be Contract Farming Facilitation Group (CFFG) for every contract comprising the members, as may be prescribed to facilitate in selection of inputs, feeds, good agriculture practices, sorting, grading, packing and delivery of produce and such other production and post-production activities of contractor produce.
Sponsor prohibited from raising permanent structure on Producers' land or premise.	20.	<p>Notwithstanding anything contained in the Agreement or any law for the time being in force, the Sponsor is prohibited from raising any permanent structure or creating any kind of leasehold rights or any kind of charge of whatever nature on the land or premises of the Producer, or restoration of land for production for dismantling of, and which would place cost on the Produce.</p> <p>Provided that a kind of temporary structure can be raised as agreed upon in the Agreement, being related to production</p>

		processes of production and/or rearing of livestock or for marketing and shall be removed, if desired by the Producer, and land restored to pre-contract condition before the expiry of the Agreement, and if not removed, its ownership shall vest in the Producer after the expiry of the Agreement.
No title, rights, ownership or possession shall be transferred or alienated or vest in the Sponsor etc.	21.	Notwithstanding anything contained in the Agreement, no title, rights, ownership or possession of land or premises or other such property shall be transferred or alienated or vest in the Sponsor or its successor or its agent as the case may be as a consequence of the Agreement. As corollary to this, no charge, whatsoever, on the land of the Producer shall be validly created by any act or omission of the contracting parties.
Object and Period of Agreement.	22. (1)	The Agreement shall be made by the Sponsor exclusively for the purchase of the agricultural produce and/or livestock or its product and may include supply of material inputs including soil preparation, leveling, feed & fodder and technology or any other activity related thereto as specified in the Agreement.
	(2)	The minimum period of the Agreement shall be for one crop season or one production cycle of livestock and the maximum period shall be five years and shall be subject to renewal thereafter. Provided that if the production cycle of produce is longer, the maximum period of Agreement may even be longer than five years, as mutually decided by Producer and Sponsor and explicitly mentioned in the Agreement.
	(3)	Agreement shall be prepared in local language and script clearly comprehensible

		to the Producer.
Quality Grade Standards.	23 (1)	The contracting parties may, considering the channel of outlet and use, agronomic practices, agro-climate and such other factors, also work out mutually acceptable quality grade standards or adopt any such standards formulated by an agency of the State/UT or Commission for Agriculture Costs and Prices(CA/P) of Government of India or any other agency authorized by the Authority, explicitly mentioned in the Agreement, to execute the sale-purchase.
	(2)	Save as provided under sub-section (1), the Authority may also formulate quality grade standards for produce for adoption by the contracting parties explicitly mentioned in the Contract.
	(3)	The quality grade standards may be categorized into (i) premium quality (ii) fair average quality and (iii) below fair average quality.
	(4)	While identifying and defining quality parameters and their values generic and specific use of the produce may be taken into consideration. Explanation: In case of contract farming for seed production, genetic purity, germination percentage, viability etc, as the case may be in the contract may be important parameters.
Principles to determine pre-agreed price for Produce.	24	To provide reasonable protection to the weaker party to the agreement i.e., the Producer, the pre-agreed price, category-wise as under Section 18(2), may be determined in accordance with the guiding criteria as provided in the Rules, and mentioned in the Agreement.

Principles to determine Sale-purchase price of Produce.	25	Notwithstanding anything contained in this Act or any other law in force at the time being in force, the sale price, as explicitly mentioned in the Contract, may be determined in accordance with the guiding criteria as provided in the Rules.
Levy of Facilitation fee.	26.	<p>The Authority shall levy and collect facilitation fee from the Sponsor, as prescribed, in respect of notified produce, at such nominal rate, as may be notified but not exceeding 03 percent <i>ad valorem</i> on contracted produce.</p> <p>Provided that Government/Administration may, in consultation with the Authority, exempt levy of facilitation fee at initial stage of implementation of the Act, as it deems fit, or at any time in the course on any or all notified contracted produce.</p>
Sale- purchase of produce.	27.(1)	The contracted produce livestock and/or its product shall be outside the ambit of regulation of State/UT Agricultural Marketing Act.
	(2)	<p>The Sponsor shall buy the entire pre-agreed quantity of one or more produce of the Producer: -</p> <p>(a) In case, production support under Section 19 has been provided in the Contract, the Sponsor shall buy not less than fixed percentage of pre-agreed quantity of one or more agricultural produce, livestock and/or its product of the Producer, as may be prescribed, provided the quantity to be at par with fair average quality, owing responsibility of maintaining the quality. The Sponsor shall also buy rest of the pre-agreed quantity at a lower rate mutually acceptable to both parties but not lower than fixed percentage of the price as prescribed, payable for fair average quality, as provided</p>

in the agreement. Sponsor shall also incentivize the Producer for the produce that may be of premium quality:

Provided that below fair average quality produce may be bought by other buyer(s) for its/ their specific purpose(s) as under Section 29 and as explicitly mentioned in the Agreement

(b) In case of only Buying Contract, the Sponsor shall buy the pre-agreed quantity to the extent commensurate to fair average quality, as mentioned in the Agreement explicitly but not less than fixed percent of such pre-agreed quantity as may be prescribed. The Sponsor shall also buy rest of the pre-agreed quantity at slightly lower rate mutually acceptable to both but not lower than fixed percentage of the price as prescribed, payable to fair average quality as provided in the Agreement. The Sponsor may also incentivize the Producer for the produce that may be of premium quality

Provided that below fair average quality produce may be bought by other buyer(s) for its/ their specific purpose(s) as under Section 29 and as explicitly mentioned in the Agreement.

(3)

The Sponsor may, in the event of windfall gains, *suo motu* share a portion of such margin with contracting Producers in the form of "bonus" to sustain their interest in contract farming

	(4)	Notwithstanding anything contained in the Essential Commodities Act, 1956 and Control Orders issued thereunder or any other law for the time being in force, the provision of stock limit shall not be applicable on such Sponsor purchasing produce for trade/ processing/ export to the extent of quantity purchased under contract farming.
	(5)	Only electronic weighing instruments or other such instruments, which also satisfy the requirements of such weights and measures as are prescribed by the Standards of Weights and Measures Act, 1976 or any other such State Weights and Measures Act and the Rules made thereunder or any other provision of law in force for such purpose, shall be used for weighing or measuring produce.
	(6)	Weighing instruments, weights and measures to be used for weighing/measuring of contracted produce under this section may at any time be inspected, examined and checked by the Chairperson, official Members of the Authority or by any other authorized officer.
	(7)	The Sponsor shall have to make all arrangements for purchase and provide materials required for filling and weighing/measuring of the produce in advance when the produce is to be taken by the Producer for delivery to the Sponsor at the agreed place. The Sponsor shall also be responsible to make the weightment/measurement immediately and after the weightment/measurement is over, shall take the delivery of the produce, forthwith by issuing a receipt slip in the details of sale proceeds, as may be prescribed.

	(8)	The Sponsor shall be considered to have thoroughly inspected the produce at the time of delivery and have no right to return it.
	(9)	The Sponsor shall make the payment to the Producer of the value of the produce, delivered by the Producer as agreed to the Agreement and shall be made through electronic clearance on the spot or as per the terms laid down in the Contract, not inconsistent with this Act or Rules made thereunder.
	(10)	In case, payment is not made on the spot as per the terms of Contract, as under sub-section (9), a penal interest as prescribed, will be levied for late payment upto thirty days. If the said payment is not made within thirty days, it shall be recovered as an arrear of land revenue with interest as prescribed, till such time as it is recovered and paid to the Producer.
Insurance of Produce.	28. (1)	The produce under contract farming shall be covered under production linked agricultural insurance scheme in operation or any other such scheme as may be prescribed.
	(2)	Save as provided under sub-section (1), the produce produced under contract farming may be covered under price/market linked insurance scheme or any other such scheme, as and when it may come to be implemented by Central Government or Government/Administration or any other agency.
Other parties to the Contract.	29	Save as otherwise provided in the Act, insurance company, banking institution providing credit, agr-input supplier, knowledge partner, buy back agent and other business intending to purchase produce below fair average quality may be parties to

		the Contract, and their roles and services be explicitly mentioned in the Agreement.
Alternation and termination of Contract.	30 (1)	On reasonable cause, the contracting parties may in the course alter or terminate the Contract with mutual consent and due approval of the Authority or the officer authorized in his behalf.
	(2)	In the event of a <i>force majeure</i> or the change in the policy of government, the affected contracting party, to the extent of adverse impact, shall not be bound to honour the Contract and can accordingly alter the terms with mutual consent or terminate the Contract, with the approval of the Authority or the officer authorized in his behalf.

CHAPTER - VI

DISPUTE SETTLEMENT, APPEAL AND PENALTIES

Negotiation or third party mediation /conciliation.	31	In case of any dispute arising out of Agreement made inconformity to this Act, the parties to the contract may seek a mutually acceptable solution through the process of negotiation or through a third party mediation /conciliation in the manner as may be prescribed.
Dispute Settlement Officer.	32. (1)	Failing to reach a mutually acceptable solution under Section 31, the aggrieved party may refer the dispute to the designated "Dispute Settlement Officer".
	(2)	The Government/WA Administration (in sub-section (1)) may by notification, designate Sub-Divisional Magistrate/Officer, in charge of Revenue and General Administration of Sub-Division, or whatever name used, as "Dispute Settlement Officer".

	(3)	The Dispute Settlement Officer shall resolve the dispute in summary manner within fifteen days, after giving the parties a reasonable opportunity of being heard.
	(4)	The decision of the "Dispute Settlement Officer" under sub-section (3) shall have force of the decree of a Civil Court and shall be enforceable as such, and decretal amount shall be recovered as an arrears of land revenue.
Appeal.	33.(1)	<p>Any person aggrieved by the decision/ order of Dispute Settlement Officer under Section 32, may prefer an appeal to the Authority, in the manner as may be prescribed, within fifteen days, or within thirty days by submitting reasons for delay, if any, from the date of such decision/order. The Authority shall dispose off the appeal within fifteen days after giving the parties a reasonable opportunity of being heard and decisions of the Authority shall be final:</p> <p>Provided that the Sponsor or the Produce, filing the appeal shall have to deposit with the Authority in advance, an amount equal to twenty percent and ten per cent respectively of the due amount, as decided by the Dispute Settlement Authority under Section 32 of this Act, with the Authority. If the Authority dismisses the appeal, the Authority shall forthwith transfer the twenty percent or ten percent, as the case may be, kept deposited with it and balance amount is to be paid by the petitioner within fifteen days to the beneficiary, and if not complied with otherwise it will be recovered as arrears of land revenue.</p>

	(2)	The decision of the Authority in the appeal shall have force of the decree as of the Civil Court and shall be enforceable as such and decretal amount shall be recovered as arrears of land revenue.
Penalties.	34.(1)	The Sponsor and the Producer shall, on contravention /breach of contract made under this Act, be liable to un-liquidated damages or compensation and liquidated damages or penalty, as may be prescribed.

**CHAPTER - VII
MISC.**

Submission of annual or periodical reports of accounts.	35.	The Sponsor shall submit reports of accounts in relation to Agreement entered into and executed for contract farming to the Committee as well as to the Authority, as may be prescribed.
Recovery of dues from any party to the Agreement.	36.	If there is any due from any party to the Contract it will be recovered as arrears of land revenue.
Recovery of loans and advances given by Sponsor to the Producer.	37.	Both loan and advances given by the Sponsor to the Producer can be recovered from sale proceed of the produce in accordance with the procedure and manner as may be prescribed and in no case, be realised by way of sale or mortgage or lease of the land in respect of which the Agreement has been entered into.
Power to order production of accounts and powers of entry, inspection and search.	38. (1)	Any Officer empowered by the Authority in this behalf may for the purpose of this Act, ask the Sponsor to produce the accounts and other documents and to furnish any information relating to the stock of contracted produce or purchase, sale, storage and processing thereof; and also to furnish any other information relating to the payment to the Producer under the Act.

	(2)	All accounts and registers maintained by the Sponsor and documents relating to the stock of produce or purchase, sale, storage and processing of such contracted produce in possession and the office, establishment, godown or vehicle of such person shall be open to inspection at all reasonable times, by such officer authorized in this behalf.
	(3)	For the purpose of sub-section (2), such officer may enter and search any place of business warehouse, office, establishment, godown or vehicle where there is sufficient reason to believe that such person keeps, or is for the time being keeping any accounts, registers, documents or stock of relating to the business.
	(4)	The provisions of Section 100 of the Code of Criminal Procedure 1973, shall so far as may be, apply to a search under sub-section (4).
The Chairperson and the Members or employees of the Authority to be public servants	39.	The Chairperson, the official Members and the employees of the Authority shall be deemed to be public Servant within the meaning of Section 21 of the Indian Penal Code.
Protection of action taken in good faith	40. (1)	No suit, prosecution or other legal proceeding shall lie against any person for anything which is done in good faith or intended to be done in pursuance of this Act or any Rule made thereunder.
	(2)	No act done or proceedings under this Act by the Authority shall be invalid merely on the ground of existence of any vacancy or by reason of defect or irregularity in its constitution or absence of any Member in its meeting.
Action taken by the	41. (1)	The Government/Administration shall

Government/Administration on the recommendations of the Authority		consider the recommendations made by the Authority under clauses (d), (e) and (f) of sub-section (i) of Section 13 and send to the Authority information or action taken within thirty days or such longer time as may be decided in consultation with the Authority. In case the Government/Administration decides not to implement any of the recommendations of the Authority it shall communicate its decision to the Authority with reasons thereof.
	(2)	The Authority shall prepare an annual report of the recommendations made by it under Section 13 along with the action taken and reasons for not taking action, if any. The Government/ Administration shall cause a copy of this report to be laid on the table of the Legislative Assembly of the State/UT. In case of UT without Legislature, it shall adopt its established due procedure.
Power of the Government/Administration to amend the Schedule.	42.	<p>The Government/ Administration may by notification amend the Schedule, to add or omit any produce(s), specified therein, and thereupon the schedule shall be deemed to have been amended accordingly.</p> <p>Provided that no notification shall be issued under this section without publishing in the official Gazette with previous notice of not less than 30 days as the Government/Administration may consider reasonable of its intention to issue such notification</p>
Power to make Rules.	43. (1)	The Government/Administration may, by notification in the Official Gazette, make Rules for the purposes of carrying out the provisions of this Act.
	(2)	All Rules made under this Act should be laid before each house of the State/UT

		Legislature. The UT without Legislature shall follow its due procedure.
Power of Government/Administration to give direction.	44. (1)	<p>Without prejudice to the foregoing provisions of this Act the Authority shall, in exercise of its powers and performance of its functions under this Act be bound by such directions on questions of policy, other than those relating to technical and administrative matters, as the Government/ Administration may give in writing to it from time to time.</p> <p>Provided that the Authority shall, as far as practicable be given an opportunity to express its views before any direction is given under this sub-section.</p>
	(2)	The decision of the Government/Administration, whether a question is one of policy or not, shall be final.
Powers of Government/Administration to supersede Authority.	45.(1)	<p>If, at any time, the Government /Administration is of the opinion-</p> <p>(a) that, on account of circumstances beyond the control of the Authority, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act; or</p> <p>(b) that the Authority has persistently defaulted in complying with any direction given by the Government/Administration under this Act or in the discharge of the functions or performance of the duties imposed on it by or under the provisions of this Act and as a result of such default, the financial position of the Authority or the administrative function of the Authority has suffered; or</p> <p>(c) that circumstances exist which render it necessary in the public interest so to do, the Government/Administration may, by</p>

notification and for reasons to be specified therein, supersede the Authority for such period not exceeding six months, as may be specified in the notification, and appoints an Administrator or the Board of Administrators or any person as it deems fit to look after the functions of the Authority for the period of supersession.

Provided that before issuing any such notification the Government/Administration shall give a reasonable opportunity to the Authority to make representations against the proposed supersession and shall consider the representation, if any, of the Authority.

(2)

Upon the publication of a notification under sub-section (1) superseding the authority, -
(a) the Chairperson and other Members shall, as from the date of supersession, be deemed to have vacated their offices;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority shall, until the Authority is reconstituted under sub-section (3), be exercised and discharged by the person nominated by the Government/Administration under clause (c) of sub-section (1);

(c) all properties owned or controlled by the Authority shall, until the Authority is reconstituted under sub-section (3), vest in the Government/Administration.

(3)

On or before the expiration of the period of supersession specified in the notification issued under sub-section (1), the Government/Administration shall reconstitute the Authority by a fresh appointment of its Chairperson and other Members; and in such case, any person who had vacated his office under clause (a) of sub-section (2) shall not be deemed to be

disqualified to reappointment.

	(4)	The Government/ Administration may cause a copy of the notification issued under sub-section (1) and a full report of any action to be laid before each House of the State/UT Legislature as soon as may be after it is issued. The UT without Legislature shall follow its due procedure.
	(5)	Notwithstanding anything contained in any law or in any contract or Memorandum or Articles of Association, a person on removal from office under this section, shall not be entitled to claim any compensation for the loss or termination of office.
Bar of Jurisdiction of Civil Court.	46.	No Civil Court shall have jurisdiction to entertain any suit or proceedings in respect of any matter the cognizance of which can be taken and disposed of by any authority empowered by this Act or the Rules made thereunder.
Bar of suit in absence of notice.	47.(1)	No suit shall be instituted against the Authority the Chairperson or any official Member or employee thereof or any person acting under direction of Authority, the Chairperson any official Member or employee for anything done or purporting to be done under this Act, until the expiration of two months next after a notice in writing, stating the cause of action, the name and place of abode of the intending plaintiff.
	(2)	Every such suit shall be dismissed unless it is instituted within six months from the date of accrual of cause of action.
Delegation of powers.	48.	The Authority may, by general or special order in writing, delegate to the Chairperson or any other Member or officer of the Authority subject to such conditions, if any,

as may be specified in the order, such powers and functions (excluding the power to make regulations under this Act as it may deem necessary).

Act to have overriding effect.

49.

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for time being in force or in any instrument having effect by virtue of any law other than this Act.

Power to remove difficulties.

50.

If any difficulty arises in implementation of any provisions of this Act, Government/ Administration may, as exigency requires, by order not inconsistent with the provision of this Act, do anything which appears to it to be necessary or expedient for the purpose of removing the difficulty.

Handwritten signature
omayal B. B. B. B.