

CONTRACT FARMING RULES

HARYANA GOVERNMENT AGRICULTURE DEPARTMENT NOTIFICATION

The 9th August 2007

No.1140-AS-I-2007/14293 In exercise of the powers conferred by sub section(1) read with sub section (2) of section 43 of the Punjab Agricultural Produce Markets Act, 1961 (Punjab Act 23 of 1961), the Governor of Haryana hereby makes the following rules further to amend the Punjab Agricultural Produce Markets (General) Rules, 1962, in their application to the State of Haryana, namely: -

1 (1) These rules may be called the Punjab Agricultural Produce Markets (General) Haryana Amendment Rules, 2007.

(2) (2) They shall come into force with immediate effect.

2 In the Punjab Agricultural Produce Markets (General) Rules, 1962,(hereinafter called the said rules), after rule 16, the following rule shall be inserted, namely,-

“16A. Registration of contract farming section 8 A.-

(1) (1) Any contract farming sponsor intending to register himself under section 8A of the Act shall apply in Form A-I to the Secretary of the concerned Market Committee. In case the contract farming sponsor wants registration for more than one Market Committee, he may apply to the Secretary of the Board.

(2) (2) Every such application shall be accompanied with a registration fee of Rs.5,000/-. The amount shall be refundable only if the registration is denied for any reason. The period of registration shall be three years.

(3) (3) The period of registration may be got renewed by applying to the Secretary of the concerned Market Committee or the Secretary of the Board as the case may be in Form A-II accompanied with a renewal fee of Rs.2,000/-. The amount shall be refundable only if the renewal of registration is denied for any reason.

(4) (4) Every application for registration/renewal shall also be accompanied with,-

(a) a detailed project report of the business intended;

(b) a statement showing the financial status of the applicant with the support of income tax returns for the previous two assessment years or permanent assets with valuation assessed by a Chartered Accountant;

(c) balance sheet of last two years;

(d) proof of registration under the Companies Act, 1956(1 of 1956), the Indian Partnership Act, 1932(9 of 1932), the Haryana Cooperative Societies Act, 1984(22of 1984) or a Government agency, as the case may be.

- (5) (5) The Secretary of Market Committee or the Secretary of the Board as the case may be shall evaluate the application for registration or renewal submitted by the applicant and after evaluation shall issue the registration certificate to the applicant in Form B-I or renew the registration as the case may be. In case contract farming sponsor violates the provisions of Act, Rule & Bye Laws or conditions of contract agreement, the Secretary of the Market Committee or the Secretary of the Board as the case may be, shall have the power to cancel his registration.
- (6) (6) The contract farming agreement between the contract farming sponsor and contract farming producer shall be in Form C-I and it shall be got registered with the District Marketing Enforcement Officer concerned in the presence of both the parties. The agreed rate/contract rate shall not be less than minimum support price of the proceeding year. The buyer shall deposit an amount up to 15% of the total price of the agricultural produce as per agreed rate or minimum support price (if the rate is not agreed upon) or bank guarantee for the sum with the committee in which the land is situated as security. Where there is no minimum support price and no agreed rate, the amount of security shall be calculated at the rate of 15% of the prevailing market rate at the time of agreement. The security shall be released within a period of thirty days after the date of satisfactory performance of the agreement.
- (7) (7) In case both the parties want to change any of the terms and conditions of the contract farming agreement, the same shall be effected by the District Marketing Enforcement Officer concerned in the presence of both the parties from time to time as per requirement.
- (8) (8) The Secretary of the concerned Market Committee or the Secretary of the Board, as the case may be, shall maintain a record of the contract farming sponsors in Form D – I.
- (9) (9) The District Marketing Enforcement Officer concerned shall maintain a record of the contract farming agreements in Form E – I.
- (10) (10) The District Marketing Enforcement Officer concerned either himself or on the request of either party shall empower the officials of the Board/committee or any other Government agency being expert to enter the premises/fields of the parties to contract farming agreement to inspect, supervise and monitor the farming practices adopted and the quality of the produce from time-to-time. A record as may be necessary in this regard in the form of Kisan Diary or otherwise may also be maintained.
- (11) (11) A Contract farming sponsor shall submit annual accounts in Form F – I before 30th June every year, to the concerned Market Committee in respect of all transactions undertaken by him during the previous financial year.
- (12) (12) If the contract farming sponsor has purchased the produce with an intention to export or processing, then he shall inform to the concerned Market Committee, the same in Form G-I. The contract farming sponsor shall submit a

declaration that he is exporting or processing the produce within a period of 90 days from the date of purchase.

(13) (13) If any dispute arises between the parties in respect of any provisions of contract farming agreement, either of the party may submit an application to the Zonal Administrator concerned to resolve the dispute. Every such application shall bear the court fee stamp of ten rupees. The Zonal Administrator shall resolve the dispute in a summary manner within a period of thirty days after giving the parties a reasonable opportunity of being heard.

(14) (14) Any party aggrieved with the decision of the Zonal Administrator may prefer an appeal to the Chief Administrator within a period of thirty days from the date of such decision. Such appeal shall bear the court fee stamp of fifty rupees. The appellate authority shall dispose of the appeal after giving the parties a reasonable opportunity of being heard and the decision of the appellate authority shall be final”.

3 In the said rules, in rule 31, in sub rule (1),after the first proviso, the following proviso shall be inserted, namely:-

“Provided further that every contract farming sponsor, who enters into the contract farming agreement shall maintain a register in Form Q and furnish information in Form R to the committee within a period of fifteen days of the purchase.

4 In the said rules, after form A, the following forms shall be inserted, namely:-

“Form A-1
[See rule 16 A (1)]
Application for Registration under section 8 A (1)

To

The Secretary
Haryana State Agricultural Marketing Board,
Panchkula.

Sir,

We, the undersigned, hereby apply for the registration as contract farming sponsor.

Necessary particulars are given as under:-

- 1 Name of the applicant
- 2 Full address with H.No.,
Village/town/city and State:
- 3 Place of business:
- 4 Registration No:
(Under the Companies Act, 1956 (1 of 1956), the Indian Partnership Act, 1932, (9 of 1932)
and the Haryana Cooperative Societies Act, 1984(22 of 1984) Or a Government agency):
- 5 If the applicant is a firm , particular of persons constituting the firm:

Serial Number	Name	Father's/Husband's name	Full address

6 Name of the Managing Proprietor of the firm:

7 Name of Managing Director or Competent Authority:

(In case of a Company or Society or Government Agency)

8 Particulars regarding income tax returns:

Serial. Number	Year	Turn over	Tax paid

9 Particulars of area intended to be agreed for contract farming.

Serial. Number .	Village	Tehsil and District	Total land	Commodity

10 Name and style under which the applicant shall work.

11 We want registration for Market Committee, _____/whole State.

Certified that the facts set out in the application are true to the best of my knowledge. I undertake to abide by provisions of the Punjab Agricultural Produce Markets Act, 1961 (Punjab Act 23 of 1961), rules and bye-laws made there-under.

I shall be responsible for all acts of my employee

Signature of applicant.
(With full name and Designation/Proprietor
along with official seal)

Form A-11

[See rule 16 A (3)]

Application for renewal of registration under section 8 A (1)

To

The Secretary
Haryana State Agricultural Marketing Board,
Panchkula.

Sir,

We, the undersigned, hereby apply for the registration as contract farming sponsor.

Necessary particular are given as under:-

1 Name of the applicant:

2 Full address with H.No:

Village/town/city and State:

3 Place of business:

4 Registration No:

(Under the Companies Act, 1956 (1 of 1956), the Indian Partnership Act, 1932, (9 of 1932) and the Haryana Cooperative Societies Act, 1984(22 of 1984) Or a Government agency):

5 If the applicant is a firm , particular of persons constituting the firm:

Serial.Number	Name	Father's/Husband's Name	Full address

6 Name of the Managing Proprietor of the firm:

7 Name of the Managing Director or competent authority:
(In case of a company or society or Government Agency)

8 Particulars regarding income tax returns:

Serial.Number	Year	Turn over	Tax paid

9 Particulars of area intended to be agreed for contract farming.

Serial Number	Village	Tehsil and District	Total land	Commodity

10 Name and style under which the applicant shall work:

11 Date on which registration expires:

12 Fee paid: Rs. _____

13 Penalty paid, if any: Rs. _____

14 We want registration for Market Committee, _____/whole State.

6 In the said rules, after form C, the following form shall be inserted, namely:-

“Form C-I
[See rule 16A (6)]

Form of agreement for contract farming

THIS AGREEMENT is made and entered into at _____ on the _____ day of _____, 200 _____ between Shri _____ Son of _____ age _____ residing at _____, hereinafter called the “party of the first part” (which expression shall, unless repugnant to the context or meaning thereof, mean and include his heirs, executors, administrators and assigns) of the one part, and _____ a Private/Public Limited Company/Society/Firm/Government Agency registered under the provisions of the Punjab Agricultural Produce Markets Act, 1961(Punjab Act 23 of 1961) and having its registered office at _____ hereinafter called the “party of the Second part” (which expression shall, unless repugnant to the context or meaning thereof, mean and include its successors and assigns) of the other part.

WHEREAS the party of the first part is the owner/cultivator of the agricultural land bearing the following particulars:

Village	Tehsil and District	Description of area with Khasra No.and Khewet No.	Total land

AND WHEREAS, the party of the second part is trading in agricultural produce and also providing agricultural inputs and technical know-how in respect of land preparation, nursery, fertilization, pest management, irrigation, harvesting and alike things.

AND WHEREAS the party of the second part is interested in the items of the agricultural produce more particularly mentioned in Schedule-I hereto annexed and at the request of the party of the second part, party of the first part has agreed to cultivate and produce the items of agricultural produce mentioned in the Schedule-I hereto annexed.

AND WHEREAS the parties hereto have agreed to reduce in writing the terms and conditions in the manner hereinafter appearing:

Terms and Conditions: -

Clause 1: -

The party of the first part agrees to cultivate, produce and deliver to the party of the second part and the party of the second part agrees to buy from the party of the first part, the items of the agricultural produce as mentioned in the Schedule-I hereto annexed.

Clause 2: -

It is expressly agreed between the parties hereto that this agreement is for agricultural produce particulars of which are described in Schedule-1 hereto. The duration of agreement shall be for the _____ season/months/year. After the expiry of said period, this agreement shall automatically terminate.

Clause 3: -

It is expressly agreed between the parties that:

- (a) The party of the first part shall cultivate, produce and supply the items to the party of second part as per specifications mentioned in the Schedule-I hereto.
- (b) The party of second part shall supply the seeds, fertilizer, pesticides and any other inputs for the cultivation and production of the agriculture produce as detailed in Schedule-I.
- (c) The party of the first part agrees to adopt instructions/practices in respect of land preparation, nursery, fertilization, pest management, irrigation, harvesting and any other, as detailed in Schedule-I.

Clause 4: -

The party of first part agrees to supply the quantity contracted according to the quality specifications stipulated in Schedule-I and it shall be the responsibility of the party of the second part to take into possession of the contracted produce after it is offered for delivery as per Schedule-II. If there is any dispute regarding quality specifications of the agricultural produce, either of the party can approach the committee for expert to assess the same. If the produce is not found as per the quality specifications, then the party of second part can refuse to take the delivery and the party of first part shall be free to sell the produce:

- (a) (a) to the party of second part at a mutually renegotiated price; or
- (b) (b) in the market yard and the party of the second part shall be entitled to recover the advance, if any, made by him to the party of first part.

If the produce is found as per the quality specifications and the party of second part refuse/fails to take the delivery for his own reasons then the party of first part shall be free to sell the agriculture produce in the market yard and if he gets a price less than the price contracted, he shall be compensated to the extent of loss, by the party of the second part within ten days of an application made by the party of the first part to the party of the second part. A copy of such application shall be endorsed to the committee also. The party of the second part shall inform the committee about the action taken on such application. The party of the second part shall be entitled to deduct the advance cash/kind, if any, made by him to the party of the first part.

It shall be the responsibility of the party of the first part to deliver the contracted produce as per Schedule-II failing which the party of the second part shall intimate the committee and shall be free to purchase the produce from the market yard. The party of the second part can approach the authority prescribed for compensation to the extent of loss.

Clause 5: -

The party of the second part shall make the payment to the party of the first part at the time of delivery. If the party of the second part fails to make the payment within fifteen days of the delivery, an interest @18% shall be paid to the party of the first part.

Clause 6: -

The party of the second part or its representatives agrees to have regular interactions with the farmer's forum set up/named by the party of the first part during the period of contract.

Clause 7: -

The party of the second part or its representatives at their costs shall have the right to enter the premises/fields of the party of the first part to monitor farming practices adopted and the quality of the produce from time to time.

Clause 8: -

Neither the party of the second part shall have any right whatsoever as to the title, ownership, possession of the land/property of the party of the first part nor it shall, in any way, alienate the property of the party of the first part by way of mortgage, lease, sub-lease or transfer to any other person/institution during the continuation of this agreement.

Clause 9: -

It is agreed that this agreement apart from the agreed covenants thereof shall be governed by the provisions of the Punjab Agricultural Produce Markets Act, 1961 and the rules framed there under.

Clause 10: -

In case both the parties want to change in the terms and conditions of the contract farming agreement, the same shall be effected by the registering authority concerned in the presence of both the parties from time to time as per requirement.

Clause 11: -

Dissolution, termination or cancellation of this contract shall be affected with the consent of both the parties. Such dissolution, termination or cancellation shall be communicated to the registering authority within a period of fifteen days of such dissolution, termination or cancellation failing which the registering authority shall be entitled to impose appropriate cost on the parties.

Clause 12: -

In the event of breach of contract farming agreement or any dispute or difference arising between the parties hereto or as to the rights and obligations under the agreement or as to any claim, monetary or otherwise of one party against the other or as to the interpretation and effect of any terms and conditions of this agreement, such dispute or difference shall be referred to the authority prescribed under the rules.

Clause 13: -

In case of change of address of any party to this agreement, it should be intimated to the other party and also to the authority concerned within a period of fifteen days.

Clause 14: -

The party of second part confirms that it has registered itself with the authority concerned vide Registration No.----- dated ----- and the fee levied by the authority concerned shall not be deducted in any manner, whatsoever from the amount paid to the party of first part

Clause 15: -

Each party hereto shall act in good faith diligently and honestly with the other in the performance of their responsibility under this agreement and nothing shall be done to jeopardize the interest of the other.

In witness whereof the parties have signed this agreement on the _____ day _____month and _____year first above mentioned.

Witness _____

Signature _____

Signature _____

Name _____

Name _____

Date _____

Date: _____

Address _____

Address: _____

First Party _____

Witness_____

Signature_____

Signature_____

Name_____

Name _____

Date_____

Date _____

Address _____

Address_____

Second Party_____

Schedule –I

Serial Number	Name of Agriculture Produce	Inputs to be supplied by second party	Package of practice to be supplied by second party as per annexure I	Grade	Specification	Quantity	Price/ Rate	Value	Any Other

Schedule –II

Serial.Number	Name of Agriculture Produce	Place of Delivery	Name of party who will transport and bear the cost of transportation of Agriculture. Produce	Approximate time of Delivery
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9. In the said rules, after form F, the following form shall be inserted, namely:-

“FORM F I
[See rule 16A (11)]

FORM OF ANNUAL ACCOUNTS OF CONTRACT FARMING SPONSOR.

Serial Number	Name of the commodity	Number of farmers with whom contracts signed	Area under Contract farming agreement	Quantity purchased in tones	Total value and quantity of produce purchased	Value paid to the farmers	Payment outstanding for more than 15 days	
							Number of farmers.	Amount in Rs.

Signature of Contract Farming Sponsor
With full Name, designation and official seal, if any.”.

10 In the said rules, after form G, the following form shall be inserted, namely:-

“Form G I
[See rule 16A (12)]

FORM FOR INFORMING THE PRODUCE PURCHASED WITH AN INTENTION TO EXPORT OR PROCESSING BY THE CONTRACT FARMING SPONSOR

Return for the period of _____

Serial Number	Quarter for which report pertains	Total quantity of agricultural produce in tones	Total value of agricultural produce	Total quantity of produce purchased for export in tones (Rs.)	Quantity of agricultural produce purchased for processing in tones	Quantity of agricultural produce exported within 90 days of its purchase	Quantity of agricultural produce processed with in 90 days of its purchase	Remarks

It is hereby certified that I / we undertake that the quantity of agricultural produce purchased for export / processing shall be exported or processed by we / us within a period of 90 days from its purchase. Failure to do so shall result in action / penalty against me / us as per the provisions of the Act and Rules.

Signature of Contract Farming Sponsor.”.

11 11 In the said rules, after form P, the following forms shall be added at the end, namely:-

“FORM Q
[See rule 31 (1)]

Name of Dealer _____ Registration No. _____

Serial Number	Date of transaction	Name and address of the producer	Name of the Agriculture produce	Approximate weight of produce	Rate of the produce	Mode of transportation with type of vehicle and number	Actual weight	Signature of the producer seller/ seller	Name of the Market Committee	Remarks
1	2	3	4	5	6	7	8	9	10	

FORM R
[See rule 31(1)]

Market Committee _____
Name of Dealer _____ Registration No. _____

Serial Number	Name of the Producer/seller	Name of the agricultural produce	Actual weight	Rate	Amount of market fee payable	Remarks
1	2	3	4	5	6	7

I hereby certify that the above-mentioned information and particulars given above are true and correct.

(Signature)
along with full Name of the
firm/society/company.”.
