

## **Private sub e- market**

### **Section- 5 of APMC Act, 1961**

**5-A. Establishment of private sub-market yards.-** The Director or any other authority empowered by the State Government in this behalf may grant licence to establish private sub-market yards in a market area for -

- (i) processing of agricultural produce;
- (ii) export of agricultural produce;
- (iii) trade of agricultural produce of particular specification; and
- (iv) grading, packing and transaction in other way by value addition of agricultural produce.

### **5-C. Grant, renewal or cancellation of Licence for establishment of private sub-market yards or the consumer-farmer markets**

(1) Any person may apply to the Director or the authority empowered by the State Government in this behalf for grant of Licence to establish a private sub-market yard under section 5-A, or a consumer-farmer market under section 5-B, or for renewal of Licence granted under this section, in such form and in such manner, as may be prescribed.

(2) An application under sub-section (1) shall accompany with such Licence fees, as may be prescribed.

(3) Application received under sub-section (1) may be accepted or rejected for the reasons recorded in writing by the director or, as the case may be, the authority empowered under sub-section(1): provided that a Licence under this section shall not be granted or, as the case may be, renewed, where –

- (i) The market committee dues are outstanding against the applicant;
- (ii) The applicant is a minor or is not *bonafide*;
- (iii) The applicant has been declared defaulter under this Act or the rules or bye-laws made there under; and
- (iv) The applicant has been convicted for any offence and has been sentenced for imprisonment.

(4) All the Licences granted or renewed under this section shall be subject to such terms and conditions, as may be prescribed and the Licensee shall be bound to follow terms and conditions of the Licence and the provisions of this Act or the rules or Bye-laws made there under.

(5) The Director may, after such inquiry as he deems fit to make and after giving the Licensee a reasonable opportunity of being heard, cancel any Licence granted or renewed under this section, for the reasons recorded in writing.

Following provisions for application fee, licence fee, bank guarantee and minimum quantity for purchase has been notified by the State Government vide order dated 03.06.2010.

Application fee – Rs. 10,000/-

Licence fee – Rs. 50,000/- per annum

Bank guarantee – Rs. 25 Lakh

Minimum purchase quantity in a year – 20,000 MT

**Rule- 56-B of APMC Rules, 1963** provides private sub e-market in Rajasthan. Rule- 56-B reads as:

**56-B. Private sub e-market**

(1) Any person including a Cooperative Society or a Company may apply in form XVIII to the Director or the Authority empowered by the State Government in this behalf for establishment of private sub e market. The applicant shall pay such application fees and in such manner as may be specified by the State Government from time to time. Application fees shall be non - refundable.

(2) Every application shall be accompanied with a detailed project report. The project report shall contain details of,-

- (a) Financial status of the applicant supported by the income tax returns for previous three assessment years of permanent assets with valuation assessed by a Chartered Accountant.
- (b) Locations of trading terminals proposed to be established;
- (c) Amount proposed to be spent for setting up of facilities, for purchase/sale and storage of notified, agricultural produce including establishment for processing, grading, packing, storing and for sale/export of the agricultural produce by way of value addition;
- (d) Outlay earmarked for providing facilities, if any, like lodging, boarding for the producer who bring produce to the private sub e -market; and
- (e) Laboratory facilities to evaluate and determine the quality of the agricultural produce.

(3) Applications received for establishment of private sub e-market shall be entered in the register in Form XIX.

(4) Every applicant shall have,-

- (i) Online trading, efficient clearing facility;
- (ii) Settlement and guarantee system of national reach;
- (iii) Well organized and capitalized brokerage houses, where members/ brokers with reasonable capital adequacy can participate;
- (iv) A mechanism to ensure transparency in its operations and decision making; and
- (v) Working experience in Agricultural Produce markets.

(5) The Director or the Authority empowered by the State Government shall, on receipt of application, evaluate the application within a period of thirty days and after satisfaction, the Director or the Authority empowered by the State Government shall inform the applicant to deposit the license fee, as may be specified by the Government from time to time, within a period of 30 days by way of demand draft payable at Jaipur in favour of Director, Agriculture Marketing. On receipt of license fee the Director or Authority empowered by the State Government may issue licence in Form XX, with such conditions as specified in it, for a period not exceeding 5 years, which may be renewed for further period of 5 years at a time, on an application and payment of renewal fees as may be specified by the State Government from

time to time. The application for renewal shall be made on plain paper. The licence, issued under this rule, shall be entered in the register in form XXI.

(6) A bank guarantee of Rupees 25 Lakhs (Rs. Twenty Five Lakhs) shall be deposited by the licensee in favour of the Director, within one month from the date of grant of license or before commencement of business, whichever is earlier;

(7) The Licensee may commence operation in private sub e-market after furnishing bank guarantee.

(8) The Licensee of private sub e-market shall,-

(i) Install trading terminals in the one or more market area for on-line trading at prominent locations, which are easily accessible to agriculturists;

(ii) Provide real time price and trade related information relating to notified agricultural produces through its trading terminal and web site;

(iii) Make arrangements for warehousing, weighing, grading and certification and for sanitary and phyto-sanitary provisions;

(iv) Not sell or purchase notified agricultural produce for himself;

(v) Facilitate collateral financing and borrowing against warehouse receipt;

(vi) Ensure that the payment of notified agricultural produce to the produce seller on the same day as per provisions of Section 15D of the Act. The deliveries of the sold agricultural produce shall be made only after the full payment of price to produce seller. The price quoted by the buyer shall be net payable to the producer seller, the market fees, brokerage charges etc. shall be borne by the purchaser, notwithstanding any default committed by the buyer, the Licensee of private sub e-market shall ensure the payment strictly as per provisions of Section 15D of the Act;

(vii) Collect the market fees and deposit the same with the Market Committee concerned, along with the details of the Agricultural Produce transacted;

(viii) Maintain a settlement guarantee fund, as may be specified by the State Government from time to time, and adopt proper risk management system to ensure smooth settlement;

(ix) Guarantee the performance of contracts executed on its platform.

(x) Submit market area-wise monthly return of deliveries of notified agricultural produce in his designated warehouse. He shall also give separate figures of delivery of market fees paid goods/agricultural produce (where market fees was already paid before its delivery into designated warehouse) and such deliveries where it has been traded for the first time on private sub e-market platform;

(xi) Collect market fees from buyer as per provisions of the Act, in respect of sale of agricultural produce, for which market fees is not paid earlier.

(xii) Pay the market fees collected by him to the concerned market committee as per provisions of Act rules, by-laws.

(9) All terms relating to quality parameters, grading, packing standards and deliveries, including discount and premium applicable for various grades, of agricultural produce is to be traded on its platform shall be clearly specified by the private sub e-market before trading in any produce. The size and grade of notified agricultural produce to be traded in the private sub e-market shall be decided by the Director or the Authority empowered by the Director.

(10) Agriculturist may not be a member of the private sub e-market to sell his produce in private sub e-market.

(11) The Licensee or private sub e-market shall ensure that membership is available to all, including agriculturists or their groups, cooperative societies or companies. He shall be free to fix and charge membership fee, security deposit, annual subscription, margin money and other charges from their market functionaries other than the agriculturists; Provided that the membership fee or any other fees or charges for the agriculturists shall be fixed with approval of the Director;

(12) All members of private sub e-market may appoint their sub-broker or franchise, with the permission of Licensee of private sub e -market, to provide service to their clients. These members, their sub brokers and clients shall not require any license from concerned market committee.

(13) The Duties and rights of the members of the private sub e -market shall be decided by the Licensee.

(14) Agriculturists shall give physical delivery at the warehouse designated by private sub e- market, where grading and quality certification shall be done and warehouse receipt shall be issued to the agriculturist. The charges of grading, quality certification, unloading, filling of bags and loading in scale of weighment shall be borne by the seller of agricultural produce.

(15) Procurement and disposal of agricultural produce shall be through on line trading and the clients and producer across the country can participate in electronic trading through the members of the private sub e -market. Agricultural produce sold in private sub e-market shall be regulated by the Act.

(16) The Licensee shall issue a certificate as per Annexure XXII regarding payment of market fees on agricultural produce at the time of delivery from its warehouse. Such certificate shall be kept with the vehicle carrying the produce. Private sub e-market shall maintain complete record relating to issue of such certificate and the supporting evidence, which can be verified by the Director, at any point of time. Such certificate shall be sufficient proof of payment of market fees.

(17) No market fees shall be payable on sale/resale on market fees paid agricultural produce lying in the warehouse of private sub e-market.

(18) The Director or an office duly authorised by him for this purpose or concerned Regional Deputy Director/Assistant Director or Secretary of concerned market committee shall have right to inspect the warehouse and delivery centres of the private sub e-market and to call for such information as he considers necessary.

(19) The disputes between the agriculturists and management of the private sub e-market functionaries shall be referred to concerned. Regional Deputy Director/ Assistance Director, Agriculture Marketing, within a period of 30 days of its occurrence by the party raising such dispute. The dispute shall be resolved in a summary manner within 30 days, after giving reasonable opportunity to the parties of being heard by the Deputy Director/Assistant Director concerned and any party aggrieved by the decision, may prefer an appeal to the Director.

(20) Any person who contravenes the provisions of this rule shall, on conviction, be punishable with a fine which may extend to two hundred rupees.

(21) Other provisions of these rules except rule 56A save as otherwise provided in this rule, shall mutatis mutandis apply to operation in private sub e-market.