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Part IV—Section 2

Tamil Nadu Acts and Ordinances

**THE TAMIL NADU AGRICULTURAL PRODUCE AND LIVESTOCK CONTRACT FARMING AND SERVICES
(PROMOTION AND FACILITATION) ACT, 2019.**

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THE SCHEDULE

The following Act of the Tamil Nadu Legislative Assembly received the assent of the President on the 25th September 2019 and is hereby published for general information:-

ACT No. 37 of 2019.

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

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Seventieth Year of the Republic of India as follows:—

CHAPTER I.

PRELIMINARY.

Short title and commencement.

1. (1) This Act may be called the Tamil Nadu Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2019.

(2) It shall come into force on such date as the State Government may, by notification, appoint.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "agreement" means the contract farming agreement between the contract farming purchaser, who offers to purchase the agricultural produce or livestock or its products and the contract farming producer, who agrees to produce the crop or rear the livestock, under which the production or rearing and marketing of an agricultural produce or livestock or its product as the case may be, is carried out as per the conditions laid down in the agreement not inconsistent with this Act or any other law for the time being in force, and includes the agreement between the service contract purchaser, or such other purchaser and contract farming producer made under this Act;

(b) "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 for agro-industries;

(c) "agricultural produce" includes all produce, whether minimally processed or not, of agriculture, horticulture, apiculture, sericulture, animal husbandry or forest or any other such activity identified for contract under this Act;

(d) "Authority" means the Tamil Nadu State Contract Farming and Services (Promotion and Facilitation) Authority established under section 3;

(e) "Chairperson" means the Chairperson of the State Contract Farming and Services (Promotion and Facilitation) Authority, appointed by the Government under section 4;

(f) "committee" means "Dispute Settlement Committee" constituted under section 28;

(g) "company" means a public limited company registered under the Companies Act, 2013;

(h) "contract" means legally enforceable agreement made under this Act;

Central Act 18
of 2013.

(i) "contract farming" means farming by a contract farming producer as specified under written agreement with contract farming purchaser to the effect that agricultural produce including livestock or its product shall be purchased by the contract farming purchaser or by his duly authorised agent therefor;

(j) "*contract farming producer*" means a farmer or farmer producer organisation, who or which has agreed to produce or rear the crop or livestock or its product as specified and in the manner set forth in the agreement and supply the same to the purchaser or his duly authorised agent therefor, as per the terms and conditions specified in the agreement;

(k) "*contract farming purchaser*" means a person, who has entered into contract farming agreement under this Act;

(l) "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 lessee, tenant and sharecropper;

Central Act 1 of
1956.

(m) "farmer producer company" means a company of farmer producer members as defined in Part-IXA of the Companies Act, 1956, including any amendments thereto and re-enactment thereof and incorporated with the Registrar of Companies;

(n) "farmer producer organisation" means an association of farmers, by whatever name or form it is called, registered under any law for the time being in force, which is to mobilise farmers and build their capacity to collectively leverage their production and marketing strength;

Central Act IX
of 1932.

(o) "*firm*" means a firm as defined under the Indian Partnership Act, 1932;

(p) "force majeure" means an event that is unforeseeable, unavoidable and outside the control of the contracting parties, comprising flood, drought, bad weather, earthquake, epidemic outbreak of disease and insects-pests attack and other like events;

(q) "fund" means the Tamil Nadu State Contract Farming and Services (Promotion and Facilitation) Authority Fund constituted under section 32;

(r) "Government" means the State Government;

(s) "lease" means a contract between the land or premises owner, the lessor and the contract farming purchaser the lessee under this Act, not inconsistent with any other law for the time being in force;

(t) "livestock" includes domesticated animals like cattle, buffalo, goat, sheep, pig, and also includes other species like poultry, fish and other aquatic species, birds and such other animal species as permissible under law, as decided by contracting parties under section 13 for the purpose of this Act;

(u) "livestock product" means all products of livestock, as decided by the contracting parties under section 13 for the purpose of this Act ;

(v) "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 consumer *viz.* grading, processing, storage, transport, channels of distribution and all other functions involved in the process;

(w) "person" includes individual, Hindu Undivided Family, a co-operative society or a company or firm or an association or a body of individuals, whether incorporated or not;

(x) "notification" means a notification published in the *Tamil Nadu Government Gazette*;

(y) "premises" include building, structure, enclosure and surroundings thereof meant for rearing of livestock and activities connected therewith or incidental thereto;

(z) "prescribed" means prescribed by the rules made under this Act;

(za) "price volatility" refers to the degree to which prices rise or fall over a period of time;

(zb) "processing" means any one or more of a series of treatments including drying, powdering, crushing, de-corticating, de-husking, 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 and also includes post-harvest management including cleaning, sorting, grading and such other value additions;

(zc) "processor" means a person who undertakes processing of any agricultural produce, livestock or its product on his own accord or on payment of a charge;

(zd) "produce" includes agricultural produce, livestock or its product, agreed by the contracting parties for contract farming, services contract or any such other contract consistent with this Act;

(ze) "purchaser" includes contract farming purchaser and service contract purchaser or such other purchaser under this Act;

(zf) "recording of agreement" means recording of contract farming agreement made between the purchaser and the contract farming producer under section 12;

(zg) "registration" means registration of purchaser made under section 12;

(zh) "regulations" means the regulations made by the Authority under section 45;

(zi) "rules" means the rules made under this Act;

(zj) "Schedule" means the Schedule appended to this Act;

(zk) "services contract" means the agreement between the farmer or farmer producer organisation or farmer producer company and the services contract purchaser wherein the former supplies the produce and the latter provides the post-harvest management and marketing services to the produce like storage, primary value addition and such other services in the food value chain including marketing linkages to organised retailers, processors, exporters, futures or option trading;

(zl) "services contract purchaser" means a person who has entered into post-harvest management and marketing services contract under this Act.

CHAPTER II.

CONTRACT FARMING AND SERVICES (PROMOTION AND FACILITATION) AUTHORITY.

Establish-
ment and
incorporation
of Contract
Farming and
Services
(Promotion
and
Facilitation)
Authority.

3. (1) With effect on and from such date as the Government may, by notification, specify in this behalf, there shall be established an Authority to be called the Tamil Nadu State Contract Farming and Services (Promotion and Facilitation) Authority, to exercise the powers conferred on, and to perform the functions assigned to it by or under this Act.

(2) The Authority shall be a body corporate having perpetual succession and a common seal with powers to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.

(3) The head quarters of the Authority shall be at Chennai and the Authority may also establish its offices at other places in the State.

4. (1) The Authority shall consist of,—

Composition of
the Authority.

(a) a Chairperson to be appointed by the Government, from amongst the persons holding the post of Agricultural Production Commissioner or Secretary to Government, Agriculture department;

(b) five *ex-officio* members, namely:—

(i) Commissioner or Director, Agricultural Marketing and Agri Business as Member Secretary;

(ii) the Commissioner or Director of Agriculture;

(iii) the Commissioner or Director of Horticulture and Plantation Crops;

(iv) the Commissioner or Director of Animal Husbandry and Veterinary Services; and

(v) Joint Commissioner of Revenue Administration

(c) two members to be nominated by the Government to represent the Food Processors or Exporters or Bulk contract farming purchasers linked with retail chain, as non-official members;

(d) two members to be nominated by the Government, to represent the farmers or farmers groups or association, by whatever name it is called, as non-official members;

(e) an expert in Agricultural Economics nominated by the Government:

Provided that no person shall be nominated as a non-official member more than twice.

(2) One amongst the chairperson and members of the Authority shall be a woman.

(3) The Commissioner or Director, Agricultural Marketing and Agri Business shall be the Chief Executive Officer and have administrative control over the employees of the Authority.

5. (1) (a) The Chairperson shall cease to hold office as soon as he vacates the office of the Agricultural Production Commissioner or Secretary to Government, as the case may be.

Term of
office and
conditions
of service of
the Chair-
person and
members.

(b) Every *ex-officio* member shall cease to be a member of the Authority as soon as he vacates the office by virtue of which he is a member of the Authority.

(2) (a) The term of office of a non-official member of the Authority shall be for three years:

Provided that he shall cease to hold office if he completes the age of sixty-five years.

(b) A non-official member of the Authority shall hold office at the pleasure of the Government and the Government may, if they deem fit, remove him before expiry of the term of office:

Provided that no non-official member shall be removed from office, unless he has been given a reasonable opportunity of being heard.

6. The non-official members of the Authority shall be paid from the fund, sitting fee and allowances as may be prescribed for attending its meeting or any other work as may be assigned to them by the Chairperson or the Government.

Allowances to
non-official
members.

Meetings of Authority, its proceedings and quorum.

7. (1) The Authority shall meet for the transaction of its business at least once in two months 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, as may be determined by the Chairperson.

(2) The Chairperson may, in his absence by reason of leave or illness or for any other reason, authorise any of the other member of the Authority to function as the Chairperson and the member so authorised, shall preside over its meeting. In case of vacancy of Chairperson arising out of suspension, resignation, dismissal or death, the Government shall nominate any other member of the Authority to function as the Chairperson till such time a regular incumbent assumes the office.

(3) The member so authorised or nominated to discharge the functions and powers of the Chairperson under sub-section (2) shall not be entitled to any compensation, allowances or facility in addition to what he would be entitled to as a member.

(4) Not less than 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 the members present, and in the event of a tie, the Chairperson, or the person presiding the meeting shall have the second or casting vote.

Vacancies, etc., not to invalidate proceedings of Authority.

8. 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 Authority.

9. (1) The Government 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 employees of the Authority appointed under sub-section (1) shall be governed by the regulations to be approved by the Government.

CHAPTER III.

POWERS AND FUNCTIONS OF AUTHORITY AND ITS CHAIRPERSON.

Powers and functions of Authority.

10. (1) It shall be the duty of the Authority to ensure proper implementation of this Act and to make suggestions to the Government for promotion and better performance of contract farming. For this purpose the Authority shall,—

(a) entertain and dispose of appeal under section 29;

(b) take *suo-motu* notice of failure to perform as per agreement and refer such cases for taking decision to the Dispute Settlement Committee or the Authority itself may pass such orders, as it may deem fit;

(c) carry out inspection of offices entrusted with the task of contract farming, service contract and such other contracts and also the office of the Dispute Settlement Committee;

(d) recommend changes in procedures for contract farming which will make the contract farming more transparent, easier and successful;

(e) categorise the produce and place in the Schedule under section 13 and also add or delete the produce from the Schedule; and

(f) issue general instructions, not inconsistent with the provisions of this Act for the guidance of the Dispute Settlement Committee.

(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, *suo-motu*, 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 ensure that not less than twenty five percent of the total annual facilitation fee collected under section 21 is spent on promotion of contract farming like training, engaging specialists for formulation of grade standards, research and other like activities.

(5) Every year, the Authority shall also prepare,—

(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 the Government, if any, and expenditure to constitute the fund under section 32.

(6) The Authority shall forward the general report and the programmes to the Government and also publish it.

(7) The Authority shall approve its financial expenditure for the contract farming in the State as well as for the day to day activities of the Authority and report the same to the Government.

(8) The Authority may prepare and undertake extensive and periodical publicity programmes to publicise contract farming and upgrade skill, knowledge among farmers with focus on youth and women processors and such other stakeholders.

(9) The Authority as a neutral facilitator shall foster a dialogue between contract farming producers and purchasers, by organising joint meetings and workshops, to discuss contractual terms, their duties, obligations and also doubts, apprehensions and misconceptions, if any, and suggest appropriate remedies.

(10) The Authority may endeavour to popularise the contracted product under this Act in domestic and overseas markets as brand of contract farming produce.

(11) The Authority may maintain suitably designed Management Information System (MIS) of contract farming operations in the State.

(12) The Authority may, on its own or by engaging experts, formulate grade standards for produce to be contracted upon.

(13) The Authority may also represent in the meetings or workshops of farmers or farmer producer organisations, organised by purchaser to facilitate them to understand the contracts under this Act, the relevant law and other things incidental thereto.

Powers and
functions of
Chairperson.

11. (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 of proposal for the Authority's work programmes in the State;

(c) implementing the work programmes and 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 may be necessary to carry out the affairs of the Authority in accordance with the provisions of this Act and the rules made thereunder.

(3) In case of absence of the Chairperson or vacancy in the office of the Chairperson, the member, so authorised or nominated, under section 7, shall perform the functions and exercise the powers vested in the Chairperson.

CHAPTER IV.

REGISTRATION, RECORDING OF AGREEMENT AND FACILITATIVE FRAMEWORK.

Registration of
Purchaser
and
Recording of
Agreement.

12. (1) Every purchaser shall be registered and agreement recorded in such manner as may be prescribed and no such agreement shall be valid under this Act unless the purchaser is so registered and agreement recorded with the designated Registering and Agreement Recording Officer.

(2) The Government shall designate such number of officers not below Group 'B' from the Department of Agricultural Marketing and Agri Business, as may be necessary, called as Designated Officers to exercise the powers and to perform the functions assigned to them under this Act.

(3) The Designated Officer shall facilitate registration of purchaser and recording of agreement, as may be prescribed.

(4) The purchaser, shall digitally register and get its agreement recorded with the Designated Officer of the jurisdiction within which the produce is to be grown or raised, as the case may be, in such form and in such manner with a requisite fee, as may be prescribed, and for such period as specified in section 17:

Provided that if the produce is partly or fully grown or raised in jurisdictions of more than one Designated Officer, the purchaser shall digitally register and get its agreement recorded with any one of the officer who in turn shall forward the same to the concerned Designated Officers, considering it a single point registration and agreement recording.

(5) There may be more than one agreement as per categorisation of produce under section 13. The agreement shall be prepared in local language clearly understandable to the contract farming producer and shall be in such legally acceptable form containing such particulars and terms and conditions, as may be specified in the rules.

(6) The contract farming producer may enter into contract with one purchaser or with multiple purchasers without any overlap of same produce.

(7) Notwithstanding anything contained in any law for the time being in force, agreement under this Act shall be made on one legal stamp paper only in denomination of rupees one hundred or in denomination as required in the law.

(8) The farmer producer organisation may, on behalf of farmers on being so authorised, be a party to the contract.

(9) While recording the agreement, the Registering and Agreement Recording Officer shall ensure that the title of land is, as reflected in latest record of rights.

13. (1) Considering the significance of a produce for the purpose of contract farming and services contract under this Act, the contracting parties may mutually decide the name of a produce mentioned in the Schedule and the said produce shall be mentioned in the agreement:

Produce under Contract Farming.

Provided further that if the said produce is not categorised and mentioned in the Schedule, contracting parties shall be free to mutually decide the pre-agreed price and the sale-purchase price, mention the same in the agreement.

(2) The Authority may, based on varied factors such as price volatility or other such criteria, as may be prescribed in the rules, recommend for inclusion or exclusion of a produce in the Schedule to the Government, so as to guide the contracting parties to benchmark the pre-agreed price and the sale-purchase price. The Government may, by notification on the recommendation of the Authority may add, delete the produce from Schedule or alter its categorisation, as it deems fit.

14. (1) The contract farming producer may get support from the contract farming purchaser for improving production and productivity by way of inputs, feed and fodder, technology and other services related thereto as specified in the agreement.

Support to agricultural production and rearing of livestock.

(2) The latitude of the contract under the Act may include holistically from pre-production to post-production or any components thereof with all terms and conditions, mentioned in the agreement, not inconsistent with this Act.

(3) Farmer-producers organisations or farmer producer companies shall be promoted among small and marginal farmers and such other farmers engaged in rearing of livestock for scale of economy in production and post-production activities.

(4) There shall be a contract farming facilitation group at the village panchayat level for every contract, comprising the members, as may be prescribed, to facilitate in selection of inputs, good agriculture practices, sorting, grading, packing and delivery of produce and such other production and post-production activities of contracted produce. The contract farming facilitation group may comprise of,—

(a) representative of contract farming producers or group thereof;

(b) representative of purchasers;

(c) technical expert to be engaged by purchaser;

(d) jurisdictional officer prescribed by the Government.

(5) Save as provided in sub-sections (1) and (2), farmer or farmer producer organisation or farmer producer company may also enter into services contract or any other such contract with service contract purchaser or such other purchaser, as may be prescribed and specified in the agreement, not inconsistent with this Act and rules made thereunder.

Purchaser prohibited from raising permanent structure on producers' land or premises.

15. Notwithstanding anything contained in the agreement, the purchaser 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 of the contract farming producer:

Provided that any kind of temporary structure shall be raised as agreed upon in the agreement which is related to production process of produce or its marketing and shall be removed before the expiry of the agreement, if not removed, then its ownership shall vest in the contract farming producer, after the expiry of the agreement.

No title, rights, ownership or possession shall be transferred or alienated or vest in the purchaser etc.,.

16. Notwithstanding anything contained in the agreement, no title, rights or interest, ownership or possession of land or premises or other such property shall be transferred or alienated or vested in the purchaser or his successor or his agent, as the case may be, as a consequence arising out of the agreement. As a corollary to this, no charge, whatsoever, on the land of the contract farming producer shall be validly created by any act or omission of the contracting parties.

Object and period of agreement.

17. (1) The agreement shall be made by the contract farming purchaser exclusively for the purchase of the produce and may include production activities like supply of material inputs, land use, the advice 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 contracted produce and further continuance subject to renewal thereafter, as mutually decided by the contract farming producer and contract farming purchaser and mentioned in the agreement:

Provided that in case of multiple produce contract, the produce with more than one year production cycle may have separate agreements.

(3) Save as otherwise provided in sub-section (1), there may be a services contract for the period as may be mutually agreed by the contracting parties, not exceeding five years and renewable thereafter.

(4) Notwithstanding anything contained in sub-sections (1) and (3), contract farming producer, the lessor, may lease out his agricultural land or premises to the contract farming purchaser, the lessee under this Act, not inconsistent with any other law for the time being in force.

Quality grade standards.

18. (1) The contracting parties may, considering the channel of outlet, end 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 or Commission for Agriculture Costs and Prices of Government of India or any other agency authorised by the Authority, 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 mentioned in the agreement.

(3) The quality grade standards shall be categorised 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 shall be taken into consideration.

Explanation.— In case of contract farming for seed production, genetic purity, germination percentage, viability, and other like activities, as the case may be in the contract, may be important parameters.

19. To provide reasonable protection to the contract farming producer, the pre-agreed price, category wise as under section 13 shall be determined in accordance with the guiding criteria as may be prescribed in the rules and mentioned in the agreement.

Principles to determine pre-agreed price for produce.

20. Notwithstanding anything contained in this Act or any other law for the time being in force, there shall be sale price, mentioned in the contract, determined in accordance with the guiding criteria as may be prescribed in the rules.

Principles to determine sale—purchase price of produce.

21. The Authority shall levy and collect facilitation fee from the purchaser, in respect of contracted produce, at such nominal rate, as may be notified, but not exceeding 0.10 percent advalorem on contracted produce:

Levy of facilitation fee.

Provided that the Government may, in consultation with the Authority, exempt levy of facilitation fee at initial stage of implementation of the Act, as they deem fit, or at any time in the course on any or all contracted produce.

Tamil Nadu Act
27 of 1989.

22. (1) The contracted produce, livestock and its product shall be outside the ambit of the regulation of the Tamil Nadu Agricultural Produce Marketing (Regulation) Act, 1987.

Sale—purchase of produce.

(2) The contract farming purchaser shall buy the entire pre-agreed quantity of one or more produce of the contract farming producer,—

(a) in case, production support under section 14 has been provided for the contract, the contract farming purchaser shall buy the pre-agreed quantity of the produce at pre-agreed rate, as may be prescribed, considering the quantity to be at par with fair average quality, owning responsibility of maintaining the quality. The contract farming purchaser shall also buy the rest of the pre-agreed quantity at a rate mutually acceptable to both the parties but not lower than the fixed percentage of the price as may be prescribed, payable for fair average quality, as provided in the agreement:

Provided that below fair average quality produce may be bought by other buyers for its or their specific purposes as under section 24 and as mentioned in the agreement;

(b) in case of contract only for buying, the contract farming purchaser shall buy the pre-agreed quantity at pre-agreed rate to the extent, commensurate to fair average quality, as mentioned in the agreement. The contract farming purchaser shall also buy the rest of the produce over and above the pre-agreed quantity at a rate mutually acceptable to both the parties.

Central Act 10 of
1955.

(3) Notwithstanding anything contained in the Essential Commodities Act, 1955 and Control Orders issued thereunder and any other law for the time being in force, the provision of stock limit shall not be applicable on such contract farming purchaser purchasing produce for trade or processing or export to the extent of quantity purchased under contract farming.

Central Act 60 of
1976.

(4) 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 and the rules made thereunder, or any other provision of law in force for such purpose, shall be used for weighing or measuring produce.

(5) Weighing instruments, weights and measures to be used for weighing or measuring of contracted produce under this section may at any time be inspected, examined and checked by the Chairperson, *ex-officio* members of the Authority or by any other authorised officer.

(6) The contract farming purchaser shall have to make all arrangements for purchase and provide materials required for filling and weighing or measuring of the produce, in advance, when the produce is to be taken by the contract farming producer for delivery to the contract farming purchaser at the agreed place. The contract farming purchaser shall also be responsible to make the weighing or measurement immediately and after the weighing or measurement is over, shall take the delivery of the produce, forthwith by issuing a receipt slip with the details of sale proceeds, as may be prescribed.

(7) The contract farming purchaser shall be considered to have thoroughly inspected the produce at the time of delivery and have no right to retract it.

(8) The contract farming purchaser shall make the payment to the contract farming producer of the value of the produce delivered by the contract farming producer as agreed to in the agreement, and the same 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 the rules made thereunder:

Provided that in case of seed and such other produce where quality is to be assessed later on, payment of two-third of the value of the produce is to be made at the time of delivery of the produce and the remaining one-third of payment after assessment of the quality as prescribed.

(9) In case, payment is not made on the spot as per the terms of the contract, as under sub-section (8), a penal interest as prescribed, shall 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 contract farming producer.

Insurance of Produce.

23. (1) The produce under contract farming shall be covered under production linked agricultural insurance scheme in operation or such other scheme, as may be prescribed.

(2) Save as provided under sub-section (1), the produce under contract farming may be covered under price or market linked insurance scheme or any other such scheme, as and when it may come to be implemented by the Central Government or the Government or any other agency.

Other parties to contract.

24. Save as otherwise provided in the Act, insurance company, banking institution providing credit, agri-input supplier, knowledge partner, buy-back buyer and other buyer intending to purchase the produce below fair average quality may be parties to the contract, and their roles and services be mentioned in the agreement.

Obligation of contracting parties.

25. The contracting parties shall either perform, or offer to perform, their respective promises, unless such performance is dispensed with or excused as under section 26, or of any other law for time being in force.

26. (1) On reasonable cause, the contracting parties may, in the course, alter or terminate the contract with mutual consent and shall intimate the same to the authority or the officer authorised in this behalf.

Alteration and termination of contract.

(2) In the event of a force majeure or the change in the policy of the 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 authorised in this behalf.

CHAPTER V.

DISPUTE SETTLEMENT, APPEAL AND FINE.

Negotiation or third party mediation or conciliation.

27. (1) In case of any dispute arising out of an agreement made in conformity to this Act, the parties to the contract may seek a mutually acceptable solution through the process of negotiation or through third party mediation or conciliation in the manner, as may be prescribed.

(2) The contracting parties may mutually identify the conciliator or mediator in the manner as specified in the agreement.

28. (1) The Government may, by notification, constitute a Dispute Settlement Committee, comprising an officer in-charge of Revenue Sub-division of the District concerned as the Chairman and three Members, one each representing farmers or farmer producer organisations, agro-industry representatives and a domain expert.

Dispute
Settlement
Committee.

(2) Failing to reach a mutually acceptable solution under section 27, the aggrieved party may refer the dispute to the designated Dispute Settlement Committee.

(3) The Dispute Settlement Committee shall resolve the dispute democratically by the majority present, and in the event of tie, the Presiding Officer shall have a second or casting vote.

(4) The Dispute Settlement Committee shall resolve the dispute in summary manner within thirty days, after giving the parties a reasonable opportunity of being heard.

(5) The decision of the Dispute Settlement Committee under sub-section (3), shall have the force of a decree of a civil court and shall be enforceable as such, and the decretal amount shall be recovered as an arrear of land revenue.

29. (1) Any person aggrieved by the order passed under section 28 may prefer appeal to the District Collector in such manner as may be prescribed, in this behalf, within fifteen days or within thirty days by submitting reasons for delay, if any, from the date of receipt of the order. The District Collector shall dispose of the appeal within thirty days from the date of preferring the appeal, after giving the parties a reasonable opportunity of being heard.

Appeal.

(2) The decision of the District Collector in the appeal shall have the force of a decree of a civil court and shall be enforceable as such and the decretal amount shall be recovered as an arrear of land revenue.

(3) Any person aggrieved by the order passed under sub-section (1) above may make an application to the Authority for appeal, 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 receipt of the order. The Authority shall dispose of the appeal within thirty days from the date of making the application after giving the parties a reasonable opportunity of being heard and the decision of the Authority shall be final:

Provided that the purchaser and contract farming producer, while making an application for appeal shall have to deposit with the Authority, an amount equal to twenty per cent and ten per cent, respectively, of the amount as decided by the Dispute Settlement Committee under section 28. If the Authority dismisses the appeal, the Authority shall forthwith transfer the twenty per cent or ten per cent, as the case may be, deposited with it and the balance amount be paid by the petitioner within fifteen days to the beneficiary, and if not complied with, it shall be recovered as an arrear of land revenue.

(4) The decision of the Authority in the appeal shall have the force of a decree of a civil court and shall be enforceable as such and the decretal amount shall be recovered as an arrear of land revenue.

30. (1) The purchaser and the contract farming producer shall, on contravention or breach of contract made under this Act, in addition to un-liquidated damages, or compensation and liquidated damages, be liable to pay a fine of not exceeding fifteen thousand rupees and one thousand five hundred rupees, respectively, as may be prescribed.

Fine.

(2) The damages, compensation and fine under sub-section (1), shall be recovered from the purchaser and contract farming producer as an arrear of land revenue.

31. (1) If, at any time, the Government is of the opinion,—

(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

Power of
Government
to supercede
the Authority.

(b) that the Authority has persistently defaulted in complying with any direction given by the Government 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

(c) that circumstances exist which render it necessary in the public interest so to do; the Government may, by notification and for reasons to be specified therein, supercede the Authority for such period not exceeding six months, as may be specified in the notification, and appoint an Administrator or Board of Administrators or any person, as it deems fit, to look after the functions of the Authority during the period of its supersession:

Provided that before issuing any such notification, the Government 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) superceding 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 be exercised by the Administrator or Board of Administrators or by person appointed by the Government under sub-section (1); and

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

(3) On or before the expiration of the period of supersession specified in the notification issued under sub-section (1), the Government 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 for reappointment.

(4) The Government may cause a copy of the notification issued under sub-section (1) and a full report of any action taken to be laid before the Legislative Assembly as soon as may be after it is issued.

(5) Notwithstanding anything contained in any law or 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.

CHAPTER VI.

FINANCE, ACCOUNTS AND AUDIT.

Grants by the Government, constitution of fund and audit of accounts.

32. (1) The Government may, after due appropriation made by the State by law in this behalf, 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.

(2) There shall be constituted a fund to be called the Tamil Nadu State Contract Farming and Services (Promotion and Facilitation) Authority Fund and shall be credited thereto,—

(a) all grants provided by the Government, fees received by the Authority;

(b) all sums received by the Authority from such other sources as may be decided upon by the Government;

(c) all sums realised by way of fine under this Act.

(3) The fund shall be applied for meeting,—

(a) the salaries, allowances and other remuneration of the members, officers and other employees of the Authority;

(b) the other expenses of the Authority in connection with the discharge of its functions and for the purposes of this Act.

(4) 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.

(5) The accounts of the Authority shall be subject to audit by an agency as the Government deems fit. The Authority may also make arrangement for internal audit of accounts.

(6) The Authority shall furnish to the Government at such time and in such form and manner as may be prescribed, or as the Government may direct, returns, statements and other particulars in regard to any proposed or existing programme for the promotion and development of contract farming and services, as the Government may, from time to time, require.

CHAPTER VII.

MISCELLANEOUS.

33. The purchaser shall submit reports of accounts in relation to agreement entered into and executed for contract farming to the Designated Officer as well as to the Authority, in such manner as may be prescribed. Submission of annual or periodical reports of accounts.
34. If there is any due from any party to the agreement, it shall be recovered as an arrear of land revenue. Recovery of dues from any party to agreement.
35. The loans and advances given by the purchaser to the contract farming producer can be recovered from sale proceeds 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 regarding which the agreement has been entered into. Recovery of loans and advances given by the purchaser to the contract farming producer.
36. (1) Any officer empowered by the Authority in this behalf may, for the purposes of this Act, ask the purchaser to produce the accounts and other documents and to furnish any information relating to the stock of the contracted produce or purchase, sale, storage and processing thereof; and also to furnish any other information relating to the payment to the contract farming producer under this Act. Power to order production of accounts and powers of entry, inspection and search.
- (2) All accounts and registers maintained by the purchaser 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 authorised 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 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 (3).
37. The Chairperson, the *ex-officio* members and the employees of the Authority shall, when acting or purporting to Act in pursuance of the provisions of this Act, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code. The Chairperson and the members or employees of the Authority to be public servants.

Central Act 2
of 1974.

Central Act XLV
of 1860.

Protection of action taken in good faith.	38. 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.
Action taken by the Government on recommendations of Authority.	39. (1) The Government may consider the recommendations made by the Authority under clause (d) of sub-section (1) of section 10 and send information to the Authority of action taken within thirty days or such longer time as may be decided in consultation with the Authority. In case the Government 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 10 along with the action taken and reasons for not taking action, if any. The Government shall cause a copy of this report to be laid on the table of the Legislative Assembly of the State.
Power to give direction.	40. (1) 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 may give in writing to it from time to time: 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. (2) The decision of the Government, whether a question is one of policy or not, shall be final.
Bar of jurisdiction of Civil Courts.	41. No Civil Court shall have jurisdiction to decide or deal with any question which is by or under this Act required to be decided or dealt with by any Authority or officer mentioned in this Act.
Delegation of powers.	42. The Government may, by notification, delegate all or any of the powers vested in them under this Act or the rules made thereunder, except those powers conferred upon them by sections 31, 40, 44 and 46 to any officer or authority subject to such conditions and to such control and revision by the Government or by such authority as may be specified in the notification and in the like manner withdraw any power so delegated.
Act to have overriding effect.	43. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law made by the legislature of the State for the time being in force.
Power to make rules.	44. (1) The Government may, by notification, make rules for carrying out all or any of the purposes of this Act. (2) In particular, and without prejudice to the generality of the foregoing powers, the Government may make rules relating to the matters which may be or is required to be prescribed by rules. (3) (a) All rules made under this Act shall be published in the <i>Tamil Nadu Government Gazette</i> and unless they are expressed to come into force on a particular day shall come into force on the day on which they are so published. (b) All notifications issued under this Act shall, unless they are expressed to come into force on a particular day, come into force on the date on which they are so published. (4) Every rule made or notification or order issued under this Act shall, as soon as possible after it is made or issued, be placed on the table of the Legislative Assembly and if, before the expiry of the session in which it is so placed or the next session, the Assembly makes any modification in any such rule or notification or order or the Assembly decides that the rule or notification or order should not be made or issued, the rule or notification or order shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification or order.

45. (1) The Authority may make regulations not inconsistent with this Act and the rules made thereunder. Power to make Regulations.
- (2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters:—
- (a) summoning and holding of meetings of the Authority;
 - (b) powers and duties of the officers and other employees of the Authority;
 - (c) management of the property of the Authority;
 - (d) maintenance of accounts and the preparation of balance sheet by the Authority;
 - (e) procedure for carrying out the functions of the Authority under this Act; and
 - (f) any other matter which is to be, or may be provided in the regulations.
46. If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order, make provisions or give such directions, not inconsistent with the provisions of this Act, as may appear to it to be necessary or expedient for the removal of the difficulties: Power to remove difficulties.
- Provided that no such order shall be issued after the expiry of two years from the date of commencement of this Act.
47. Nothing herein contained shall affect the provisions of any Statue, Act or Regulation not hereby expressly repealed, nor any usage of or customs of trade, nor any incident or any contract, not inconsistent with the provisions of this Act. Savings.

THE SCHEDULE

[See sections 10(1)(e), 13(1) and (2)]

<i>Class of agricultural produce</i>	<i>Name of agricultural produce</i>
(1)	(2)
I. Cereals	<ol style="list-style-type: none"> 1. Paddy. 2. Rice in all forms. 3. Wheat in all forms. 4. Cholam (Jowar) in all forms. 5. Cumbu (Bajra) in all forms. 6. Ragi in all forms. 7. Maize in all forms. 8. Thina. 9. Kudiraivali. 10. Varagu. 11. Samai.
II. Pulses	<ol style="list-style-type: none"> 1. Redgram (Thuvarai) in all forms. 2. Blackgram (Ulundu) in all forms. 3. Greengram (Pachaipairu) in all forms. 4. Bengalgram (Kondakadalai) in all forms. 5. Peas (Pattani) in all forms. 6. Lab (Mochai) in all forms. 7. Cowpea (Karamani) in all forms. 8. Soya Beans in all forms. 9. Horsegram (Kollu) in all forms.
III. Oil seeds	<ol style="list-style-type: none"> 1. Groundnut (Pods and Kernals) whole or split. 2. Gingelly or Sesamum seed or Ellu. 3. Castor (Pods or seeds). 4. Sunflower seeds or Kernals. 5. Coconut (in all forms except tender coconut). 6. Cotton seed. 7. Mustard (Kadugu) seeds. 8. Niger seeds. 9. Neem seeds. 10. Pungam seeds.
IV. Fibres	<ol style="list-style-type: none"> 1. Cotton (Kapas, lint, waste). 2. Coconut coir.

THE SCHEDULE

[See sections 10(1)(e), 13(1) and (2)]

<i>Class of agricultural produce</i>	<i>Name of agricultural produce</i>
(1)	(2)
V. Vegetables	<ol style="list-style-type: none">1. Brinjal2. Bhendi.3. Potato.4. Onion.5. Gourds (Snake gourd or Pudalai, Bitter gourd or Pagal, Bottle gourd or Surai, Pumpkin or Parangikai, Ribbed gourd or Peerkankai, Ash gourd or Pusanikai).6. Tomato.7. Moringa (Murungai).8. Greens (Keeraigal).9. Green chillies.10. Yams (all kinds).11. Lab Avarai.12. Cabbage.13. Cauliflower.14. Radish (all kinds).15. Carrot.16. Beans (all kinds).17. Sweet Potato.18. Green Banana (Valaikkai).19. Chow Chow.20. Kari leaf (Karuveppilai).21. Knol-khol.22. Turnip.23. Green peas.24. Cluster beans (Kothavarakai).25. Beetroot.26. Agathi.27. Green Mango (Mongai in all kinds).
VI. Fruits	<ol style="list-style-type: none">1. Banana.2. Mango.3. Guava.4. Grapes (Kodimundhari).5. Citrus (Sathugudi, Loose Jacket Orange, Lime, Lemon and Grape).

THE SCHEDULE

[See sections 10(1)(e), 13(1) and (2)]

<i>Class of agricultural produce</i>	<i>Name of agricultural produce</i>
(1)	(2)
	6. Pomegranate (Mathulai).
	7. Jack.
	8. Melons.
	9. Pine Apple.
	10. Apple.
	11. Pears.
	12. Plums.
	13. Papaya.
	14. Sapota (Chikoo).
	15. Cucumber.
VII. Drugs and Narcotics	Tobacco in all forms.
VIII. Tubers	Tapioca-tubers, tapioca chips, tapioca flour, tapioca starch.
IX. Condiments and spices	1. Chillies or red chillies.
	2. Garlic.
	3. Turmeric in all forms.
	4. Coriander (Dhania seeds).
	5. Cardamom.
	6. Arecanut (Whole or splits).
	7. Tamarind in all forms.
	8. Cashewnuts in all forms.
	9. Ginger in all forms.
	10. Betal leaves or Vetrilai.
X. Animal husbandry products	1. Butter.
	2. Cattle.
	3. Eggs.
	4. Ghee.
	5. Goat.
	6. Hides and Skins.
	7. Milk.
	8. Pig.
	9. Poultry.
	10. Sheep.
	11. Wool.

THE SCHEDULE

[See sections 10(1)(e), 13(1) and (2)]

<i>Class of agricultural produce</i>	<i>Name of agricultural produce</i>
<i>(1)</i>	<i>(2)</i>
XI. Apiculture	Honey.
XII. Pisciculture	Fish.
XIII. Forest products	1. Bamboo. 2. Bidi leaves. 3. Lac. 4. Gum. 5. Kadukai (Myrobalan) (gali nut).
XIV. Sericulture	1. Cocoons. 2. Silk yarn.
XV. Silviculture	1. Tree species used as a raw material in industries
XVI. Miscellaneous	1. Sugarcane Jaggery in all forms. 2. Palmgur Jaggery in all forms. 3. Raw rubber in all forms, pale latex crepe sole crepe and centrifuged latex rubber, Manufacturers Association grades on rubber sheets and estates brown crepe grades.

(By Order of the Governor)

C. GOPI RAVIKUMAR,
*Secretary to Government (FAC),
Law Department.*