

SOP for Establishment of Private Markets

Application

A standard application (Copy attached) shall be addressed to the Secretary Agriculture, giving the following details:

- i. Person/firm/company/organization
- ii. Land measurement, location, ownership, drainage etc
- iii. Design and facilities
- iv. Financial plan
- v. Grading and Packaging
- vi. Auction Methodology
- vii. Operational manual/Market byelaws
- viii. Market information
- ix. Hygiene and sanitation
- x. Inspection

Check list for evaluation

Project application shall be evaluated in terms of:

1. **Personal:** Intending person should not be:
 - Defaulter of any financial institution
 - Convicted from any court of law
2. **Land /site:** It should be verified and conform to the following features:
 - The developer should possess ownership in the land free from any encumbrance and litigation.
Explanation: It is not desirable to lay down minimum size of land as different markets have different needs dependent on type of commodity and volume to be traded therein. Only for purposes of illustration, a cotton market may require more than 4 acres to be feasible but a flower market may be possible at 0.5 acres.
 - Should have adequate road access.
 - Should not be in vicinity of any major public utility to create traffic problems for hospitals, school/college or public offices.
 - Should have drainage possibility
3. **Design and facilities:**
 - Design should be functional for traffic movement, sanitation and trading requirements.
 - There should be boundary wall of the market with specified entry and exist.
 - Separate space should be allocated for;
 - auction/trading floor for wholesale and retail.
 - parking area and it should be at least 25% of the total area of market.
 - facilities like grading, packaging, storages, commensurate to commodity requirement should be amply provided.

- space for business offices, public utilities like Bank, toilets, hotel/restaurant, mosque etc.

4. **Financial plan:** The intending person should submit:

- a comprehensive business plan for establishing the market indicating total size of investment, with minimum equity of 20% and scheme to arrange remaining amount from financial institutions, sale of shops or other sources.
- a cash or financial security (i.e. guarantee) equal to 10% of the project cost or pledge 25% of the shops as performance security in favour of Market Committees Provincial Fund Board.

Conservation of Market Plan

Space allocated for common service areas shall be transferred to Market Committees Provincial Fund Board which could not be further transferred/alienated to any person.

Operational manual/Market byelaws

- The developer will prepare operational manual/ byelaws of the market and furnish it for approval of the department.

Explanation: It is not to impose any specific instructions on the developer rather it is necessary to set rule of business to ensure fair play. The developer will have complete flexibility in adjusting his parameters of management but once the byelaws are notified he will have to follow them in letter and spirit. If at any stage he wants to make some change he can do so after bringing it in the notice of department.

- Model byelaws shall be provided by the department (Copy attached) and will include:
 - ✓ Name of the market
 - ✓ Holidays /closing days of the market in whole year
 - ✓ Time of opening and closing of market
 - ✓ Methodology, venue and timing of auctions
 - ✓ Right of entry
 - ✓ Business model with mode of payments
 - ✓ Rate of different services
 - ✓ Responsibility regarding Market information, Hygiene and sanitation, encroachments and Inspection thereof.
 - ✓ Involvement of stakeholders in management decisions
 - ✓ Defaults, penalties and arrangements for dispute resolution

Market information

Market information regarding prices and volumes will be generated regularly and uploaded on the website www.amis.pk . Arrangement for display of information regarding other markets will be made in the auction halls/trading floors. Any type of information asked by the department will be provided promptly. Information record of the market will be kept for at least 3 years.

Hygiene and sanitation

Protocols for hygiene and sanitation will be clearly spelled along with responsibilities at different level and arrangement for solid waste disposal be given in the proposal.

Inspection

There will be right of inspection to authorized officer nominated by the department in this regard.

Grading and Packaging

Infrastructure provision for grading and packaging will be provided in the market and the department will extend help to determine standards of grades and packaging.

Auction

Transparent auction is the primary function of wholesale markets. Facility for central auction should be provided in market infrastructure. Its methodology and timing should be clearly specified and displayed /notified for the information of stakeholders.

Agreement/undertaking

An undertaking will be given by the Developer indicating the correctness of information provided in the application/proposal and follow the settled terms and conditions of the approval of the market along with penalties for defaults of different kinds. Specimen of Agreement/undertaking is attached.

Capacity building/Government Support

PIAM may develop management models for private markets and conduct trainings/refresher courses for the stakeholders. Similarly Government may allow the concerns of Agriculture Marketing to assist the private sector in developing feasibility of the project and to render services in management process as a part time activity. It will facilitate potential developer who lacks management experience.

Department of Agriculture, Punjab
APPLICATION UNDER RULE 67-A

CONTACT INFORMATION

Name of Applicant:

Father Name:

CNIC #(attach copy):

Address:

Title of Firm/Company:

Phone:

Cell:

Fax:

E-mail:

Registered company address:

City:

ZIP Code:

Relevant Experience (attach detail)

PROPOSED SITE

LAND AREA:

MOUZA:

TEHSIL/DISTRICT

Land documents (Attach Original)

1. FardMalkiat 2. AksShajara/Site Plan 3. No Encumbrance Certificate

Layout Plan (attach original design Plan)

Completion period:

Land Use

Sr. No.	Description	% of Total	Sr. No	Description	% of Total
1.	Auction/trading Floor		6	Grading & Packing	
2	Parking		7	Facilities (Bank, Public Toilets, Mosque)	
3	Roads		8	Open spaces	
4	Stores		9	Others	
5	Business offices				

Grand total:

100

Financial Plan (attach copy)

Operational manual/Market byelaws (attach copy)

PERFORMANCE SECURITY

A cash or financial security (i.e. guarantee) equal to 10% of the project cost or pledge 25% of the shops as performance security shall be submitted in favour of Market Committees Provincial Fund Board. (proof attach)

Agreement (Draft Agreement on Stamp Paper)

SIGNATURES

Title: Department of Agriculture

Date:

Title: Developer

Date:

MODEL BYE-LAWS

Dated Lahore, the 2011.

1. **Short title:** These bye-laws may be called the ----- Market Bye-laws.
2. **Commencement:** These shall come into force at once.
3. **Definitions:** In these bye-laws, unless there is anything repugnant in the subject or context: -
 - (a) "Developer" means a person who sets up a market under rule 67-A.
 - (b) "Fee" means a fee charged against some service provided by the management.
 - (c) "Licensee" means a person to whom a licence has been granted in exercise of the powers conferred by the Ordinance.
 - (d) "Management" means management of a market established under rule 67-A
 - (e) "Market" means the Market established and managed under rule 67-A.
 - (f) "Market hours" means the timing of a market for holding the business.
 - (g) "Ordinance" means the Agricultural Produce Markets Ordinance, 1978 (XXIII of 1978).
 - (h) "Parking place" means a place specified under provision of Bye Law 15(2) for the purpose of parking of vehicles, cycles and motor cycles in the Market.
 - (i) "Rules" means the Punjab Agricultural Produce Markets (General) Rules ,1979
4. **Management:** (a) The management of a Market shall be in the control of the developer, which shall ensure that the Market is run efficiently for the benefit of all stakeholders and that reasonable standards of grading, weighment, sanitation, public safety, and traffic management are maintained.

(b) The management shall be entitled to levy fees for services rendered within the Market. Without prejudice to the generality of the foregoing, such fees shall include operations and maintenance charges from shop owners, common-use equipment and service expenses and parking fees from vehicles.

(c) Where the management is of the view that it cannot perform a service on its own, it shall outsource such contract for services.

(d) A copy of the Bye-laws (in both English and Urdu) shall be displayed prominently in the Market Premises along with schedule of charges.
5. **Hours of Operation:** (a) Subject to the provisions for any law for time being in force with regard to the opening and closing hours or with regard to close-days, the market shall remain open for business during such hours -----, on all days except -----
---.

(b) The cleanliness operation in the market shall be started before or after, or between intervals of market hours as given above.

(c) No construction work, repair or maintenance shall be done during market hours.
6. **Regulation of Traffic in the Market:** (a) The management shall control and regulate traffic in the market.

(b) the following shall be the schedule of fee for the vehicles entering into premises of the market:

Sr. No.	Vehicle type	Rate (Rs.)
1	Truck	
2	car	
3	Rickshaw	

Provided that no vehicle shall be parked other than the place specified for this purpose

(c) No vehicle shall be allowed to trespass the “tharas” or grassy plots.

(d) No person shall drive any vehicle within the limits of the market at a speed exceeding three miles per hour.

7. Weighment or Measurement of Agricultural Produce: All agricultural produce brought in the Market for sale and purchase shall be weighed or measured on charge at the weigh-bridge or measuring yard if any, maintained and operated at the entry points.

8. Prevention of Fire Spread. No person shall be allowed to:

- (a) Smoke in the market.
- (b) Light a fire in any part of the market.
- (c) Keep or sell any explosive or highly flammable substance in the market..

9. Maintenance of peaceful conditions and environments for business: (a) No person shall be allowed to:

- (i) ring any bell or blow any horn or use any other noisy instrument or loud speaker to attract the attention of customer or of any person.
- (ii) paste or display any bill, placard or poster in the market.
- (iii) distribute any printed matter in the market.
- (iv) boycott or encourages the boycotts.

(b) No person shall bring or allow to remain in the market dog or other animal belonging to him.

10. Prevention of Adulteration, Mixing and Substandard Quality:

- (a) No person shall adulterate agricultural produce or offer adulterated agricultural produce for sale in the market.
- (b) An impurity percentage shall be indicated on the label of packing.

Note: For the purpose of this bye-law adulteration of agricultural produce shall include mixing of inferior stuff with superior produce, mixing of different varieties or different qualities, mixing of sieved remains of a agricultural produce with agricultural produce and mixing of earth, dirt or stones or any other extraneous matter with any agricultural produce.

11. Miscellaneous: (a) No person shall make alteration in the approved design of a building or shop, in the market except with previous permission in writing of the Market Company.
(b) No person shall picket or tether animals on any part of the open space in the Market.

- (c) No person shall throw or deposit any filth, refuse, dirt and rubbish on, or over any open space, road, drain or 'thara' in the Market.
- (d) No person shall wash clothes or utensils at any water-tap, tank or reservoir meant for supplying drinking water to the functionaries of the market.
- (e) No person shall use any place in the market for the purpose of parking except the place specified for this purpose.
- (f) Every person shall cooperate to maintain cleanness in the Market.
- (g) Any person who uses a water tap in the Market shall ensure that it is turned off immediately after use.
- (h) No person shall unload agricultural produce at the places other than specified for this purpose in the Market.
- (i) No person shall cut or destroy the trees or damage building or wire fencing provided by the Market Company in the Market.
- (j) Any loss caused by animal shall be made good by the owner of that animal.
- (k) Every person entering into the Market shall comply with the provision of such general orders as may be issued by the Market Company from time to time.
- (l) No person shall be entitled to sublet or share "thara" with any other person.
- (m) Every permitted person shall use "thara" only for the specified purpose.

Agreement to Set up a Market

THIS Agreement to Set up a Market (this “**Agreement**”), dated and effective as of _____, 2011 is made by and between:

Government of Punjab, represented by the Secretary, Agriculture (hereinafter referred to as “**DoA**”); and

Developer _____, a company organized and existing under the laws of Pakistan and having its registered office in _____ with provision in its objects to set up a market (hereinafter referred to as “**Mco**”).

DoA and **MCo** shall each be referred to as a “Party” and collectively as the “Parties” as the context so permits.

RECITALS

WHEREAS, the Punjab Agricultural Produce Markets (General) Rules, 1979 have been amended to allow for the set up of private agriculture markets by the addition of Rule 67-A

WHEREAS, MCo wants to set up a private agriculture market under the provisions of Rule 67-A.

NOW, THEREFORE, the Parties hereto agree as follows:

1. SCOPE OF AGREEMENT

- (a) MCo will set up a market for the sale and purchase of agriculture produce on land described in Annexure A in accordance with the development plan stated in Annexure B.
- (b) The market will be completed by MCo within nine (9) months of the signing of this Agreement,

2. SECURITY

- (a) MCo has already furnished cash security of Rs. _____ or alternatively, MCo has given pledge of 25% shops identified in the Development Plan as security in favour of Market Committees Provincial Fund Board.
- (b) Following completion of the market in accordance with the Development Plan, DoA shall return the cash security to MCo, or cancel the performance guarantee or release the pledge of the shops, as the case may be.

3. ALIENATION OF LAND OR ALTERNATE USE

Unless prior permission of the DoA is obtained in writing, at no time shall MCo alienate the land described in Annexure A or use it for any purpose other than operating an agricultural market.

4. OPERATIONS AND MAINTENANCE

- (a) MCo shall operate the market according to the approved bye-laws provided in Annexure C or any other set of bye-laws that cater to the minimum requirements laid out in the model bye-laws.
- (b) If MCo sells or leases the shops identified in the Development Plan, it shall enter into an Operations and Maintenance Agreement with the buyers or lessees, as the case may, to ensure that the bye-laws are adhered to.

5. LICENSE FROM MARKET COMMITTEE

MCo shall ensure that the dealers and market functionaries working in the market shall obtain a license from the market committee having jurisdiction over the area.

6. VIOLATION OF TERMS

- (a) In the event that MCo fails to set up a market in accordance with the Development Plan or timelines mentioned in clause 1, DoA will be entitled to cancel its permission set up a market and in future no such permission will be granted.
- (b) If MCo fails or become incompetent to perform or persistently makes default in performing the duties to operate and maintain the market in accordance with the byelaws, DoA will be empowered to entrust its management control to such other authority for its management for such period of time as it may determine.

7. Assignment

MCo shall not assign this Agreement without the prior written consent of DoA, which may be withheld in its sole and absolute discretion.

8. Amendments and Waivers

This Agreement shall not be amended or terminated, and no obligation of a Party shall be waived, except by written instrument signed by the Parties.

9. Notices

All notices and other communications to be delivered pursuant to this Agreement shall be in writing and shall be delivered in person, by courier, by facsimile transmission (with confirmation of receipt), or by certified air mail (postage prepaid, return receipt requested, if available). All such notices shall be sent to the addresses or telephone numbers for the intended recipient as specified below, or to

such other numbers or addresses that the recipient may have last specified by notice to the other Parties. All such notices shall be effective upon receipt.

To: **DoA**

Notices to: Secretary Agriculture

To: **MCo**

Notices to: [Address]

10. APPLICABLE LAWS AND JURISDICTION

This Agreement shall be governed by the laws in force and the courts at Lahore shall have exclusive jurisdiction over any dispute arising in connection herewith.

11. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

For and on behalf of
Department of Agriculture

Name:
Address:

For and on behalf of

Name:
Address: