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EXTRAORDINARY

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DRAFT ORDINANCES.

The following Draft of a proposed Ordinance is published for general information:—

MINUTE.

L. D.—O 80/39

An Ordinance to provide for the regulation of the sale of agricultural produce through agents, for the registration and licensing of agricultural produce agents and for purposes incidental to the matters aforesaid.

BE it enacted by the Governor of Ceylon, with the advice and consent of the State Council thereof, as follows:—

1. This Ordinance may be cited as the Agricultural Produce Agents (Registration) Ordinance, No. . of 1941.

Short title.

Regulation of business of Agricultural Produce Agents, &c.

2. (1) On and after such date as the Governor may appoint by Proclamation published in the *Gazette*, no person shall, in any area specified in such Proclamation—

Prohibition against carrying on business as agricultural produce agent in specified areas without licence.

- (a) carry on or exercise the business of an agricultural produce agent;
- (b) in any way advertise or notify that he carries on or exercises, or proposes to carry on or exercise, such business in any such area;
- (c) do any act which leads to the belief or supposition that he carries on or exercises such business in any such area,

except under the authority of a licence issued under this Ordinance.

(2) The date appointed by any Proclamation under subsection (1) shall be a date not earlier than two months after the date on which that Proclamation is published in the *Gazette*.

(3) Where a licence under this Ordinance is issued to any person who carries on business as an agricultural produce agent in any area specified in any Proclamation under sub-section (1), that licence shall, while it remains in force, be sufficient authority to that person to carry on such business in any other area or areas which may have been or may be specified in that Proclamation or any other Proclamation under that sub-section.

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(4) Where the business of an agricultural produce agent is carried on by a firm registered under the Business Names Ordinance, a licence issued in the name of the firm shall be sufficient authority to each member of the firm to carry on business as an agricultural produce agent.

(5) In any prosecution against any person for a breach of any provision of sub-section (1) that person shall, unless he produces the licence authorising him to carry on business as an agricultural produce agent, or adduces other satisfactory proof of his having been so licensed, at the time when the offence charged against him was alleged to have been committed, be presumed to have not been so licensed at that time.

Restriction of purchases of produce by licensed agents, &c.

3. Where any agricultural produce has been consigned or delivered to any licensed agent for sale on behalf of the owner of such produce—

- (a) such agent shall not, directly or indirectly, whether by himself or through any other person, purchase such produce, except with the written consent, previously obtained, of the owner of such produce or of some duly authorised person on behalf of such owner;
- (b) such agent shall not, in any case where he purchases any such produce with the written consent required under paragraph (a), charge to the seller in respect of the sale any fee, charge, or commission whatsoever;
- (c) no person in the employment of such agent shall, directly or indirectly, whether by himself or through any other person, purchase any such produce, except with the written consent, previously obtained of the owner of such produce or of some duly authorised person on behalf of such owner;
- (d) no person whether he is or is not in the employment of such agent, shall in any way aid or abet such agent to commit a breach of any provision of paragraph (a).

Destruction of produce.

4. (1) No licensed agent shall, by himself or through any agent or servant, destroy or cast away or cause to be destroyed or cast away any agricultural produce which is in a marketable condition.

(2) In any prosecution against any person for destroying or casting away any agricultural produce, it shall be a sufficient defence to prove—

- (a) that the destruction or casting away did not raise or tend to raise the price at which agricultural produce similar to the produce so destroyed or cast away, was available to the public; or
- (b) that the produce was destroyed or cast away on the orders of any public officer, or of any officer of a local authority, duly authorised under any written or other law to give such orders.

Fees, charges, &c., of licensed agents.

5. Notwithstanding anything in any written or other law, no licensed agent shall be entitled to receive, or to sue for or recover in any court from any person on whose behalf he sells any agricultural produce, in respect of such sale, any fee, charge, commission, reward or other remuneration in excess of such fees, charges, commission, reward or other remuneration as may be prescribed.

All purchases of produce to be for definite sums.

6. (1) No person shall purchase any agricultural produce from the person by whom or on whose behalf it was actually produced, unless at the time of the purchase or at the time of the delivery of such produce, whichever time is earlier, the price to be paid for such produce has been definitely fixed and agreed to by the seller at a sum certain, and which sum is not to be ascertained subsequently, whether by reference to any other transaction or otherwise.

(2) The provisions of sub-section (1) shall not have effect until a date to be appointed by the Governor by Proclamation published in the *Gazette*.

Bank accounts, books, registers, &c., of Agricultural Produce Agents.

"Agricultural Produce Accounts" in banks.

7. (1) Every licensed agent shall, within the prescribed period from the date on which his licence comes into force, open in his name in an approved bank an account, to be called the "Agricultural Produce Account" of such agent, and shall within fourteen days of the opening of such account furnish to the Registrar a return in the prescribed form containing the prescribed particulars.

(2) Within fourteen days of the occurrence of any circumstance affecting the accuracy of any particulars furnished by any licensed agent in any return under sub-section (1), such agent shall inform the Registrar in writing of such circumstance and shall furnish an amended return.

(3) In this section, "approved bank" means a bank approved by the Executive Committee by regulation.

8. Every sum of money received by any licensed agent in respect of the sale of any agricultural produce of any person (over and above any sum advanced by such agent to that person) shall, forthwith upon the receipt of such sum, be paid by such agent into his Agricultural Produce Account.

Payments into
Agricultural
Produce
Accounts.

9. No sum of money paid into the Agricultural Produce Account of any licensed agent, in respect of the sale of any agricultural produce of any person, and no part of any such sum, shall be paid out in satisfaction or part satisfaction of any debt due by that agent to any creditor of his other than the person on whose behalf such sale was carried out; and, notwithstanding anything in the Civil Procedure Code or any other written law, no such sum or part thereof shall be liable to be seized in execution of any decree entered by any court in respect of any debt due by that agent to any creditor other than the person on whose behalf such sale was carried out.

Money paid
into
Agricultural
Produce
Account
not to be
available for
satisfaction of
other debts of
agent.

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10. No licensed agent shall withdraw from his Agricultural Produce Account for his own use any sums other than such as may be necessary to cover the following:—

Withdrawals
from
Agricultural
Produce
Accounts.

- (1) the expenses, commission and other prescribed charges of or incidental to the sale or disposal of any agricultural produce by such agent in his capacity as an agricultural produce agent;
- (2) any sums which may be due, owing and payable to such agent by any person on whose behalf such sale or disposal was carried out.

11. Where any agricultural produce of any person has been sold by a licensed agent on behalf of that person, such agent shall, before the expiration of thirty days from the date of the sale, render to that person a full and accurate statement of account relating to the sale and pay to that person the amount due to him in respect of the sale.

Rendering of
account and
payment of
money to
principal.

12. Every licensed agent who fraudulently renders any false account of the sale or disposal by him of any agricultural produce, or of any money received by him in connexion with such sale or disposal, or of the application of any such money, knowing such account to be false in any material particular, shall be guilty of an offence and shall on conviction be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding one year, or to both such fine and imprisonment.

Fraudulent
rendering
of accounts.

13. (1) Every licensed agent shall keep—

- (a) a record in the prescribed form setting out the prescribed particulars of all transactions entered into by him relating to the sale or disposal of agricultural produce;
- (b) such books, accounts and registers relating to his business as an agricultural produce agent as may be prescribed.

Records, books,
&c., to be kept
by licensed
agent.

(2) Every entry made in any record, book, account or register under sub-section (1), kept by any licensed agent or belonging to such agent or found on any premises in his occupation or under his control, shall be deemed, until the contrary is proved, to have been made by or with the authority of such agent.

14. (1) The Registrar or any Assistant Registrar or any person authorised in that behalf in writing by the Registrar or any Assistant Registrar may, at any time—

Inspection of
books,
registers,
accounts, &c.

- (a) inspect, or call upon any licensed agent to produce within a specified time, any pass book or statement of account relating to the Agricultural Produce Account of such agent, issued to him by the bank in which such account is kept;
- (b) inspect, or call upon any licensed agent to produce within a specified time, any record, book, account, register or document which is in the possession or under the control of such agent and which relates to his business as such agent;
- (c) make any notes from, or take any copy of, the whole or any portion of any book, account, record or document, the inspection of which is authorised by this section;

(d) question any licensed agent or any employee or servant of such agent in relation to any book, account, record or document the inspection of which is authorised by this section.

(2) It shall be the duty of every licensed agent and of every employee or servant of such agent to furnish such facilities as may be required by the Registrar, Assistant Registrar or person authorised under sub-section (1) for the purposes of the exercise of any power conferred by that sub-section and to answer truthfully all questions put to such agent, employee or servant in the exercise of any such power.

Preservation of bank pass books, records, registers, &c.

15. Except with the permission of the Registrar, previously obtained, no licensed agent shall destroy, or permit or cause to be destroyed, any bank pass book or statement of account relating to his Agricultural Produce Account, or any record, book, account or register which he is required to keep under section 13, until the expiration of not less than twelve months from the end of the year during which the last entry in any such bank pass book or statement of account or in any such record, book, account or register was made.

Power of Registrar to obtain returns, information, &c.

16. (1) The Registrar or any Assistant Registrar may at any time call upon any licensed agent to furnish to him before a specified date—

- (a) a return in the prescribed form containing the prescribed particulars relating to the business of such agent;
- (b) any oral or written information relating to the business of such agent as the Registrar or Assistant Registrar may consider necessary;
- (c) any oral or written explanation relating to any return or information furnished by such agent under paragraph (a) or paragraph (b) as the Registrar or Assistant Registrar may require.

(2) It shall be the duty of every licensed agent who has been called upon under sub-section (1) to furnish any return, information or explanation before a specified date, to make such return or to supply such information truthfully and accurately and before the date specified.

Offences.

Penalty for breaches of the Ordinance or any regulation.

17. (1) Every person who does any act in contravention of any provision of section 2 shall be guilty of an offence and shall be liable on conviction after summary trial before a Magistrate to a fine not exceeding one thousand rupees.

(2) Every licensed agent or other person who does any act in contravention of any provision of this Ordinance (other than section 2 or section 12) or of any regulation, or who fails to comply with any requirement of this Ordinance or of any regulation, shall be guilty of an offence and shall be liable, on conviction after summary trial before a Magistrate, to a fine not exceeding seven hundred and fifty rupees.

Court may order additional sum to be paid by offender against section 3 (a).

18. (1) Any court before which a licensed agent is convicted of a breach of any provision of paragraph (a) of section 3, may, in addition to any fine imposed for the offence, order the offender to pay to the owner of the produce purchased in breach of the said paragraph (a), such sum as in the opinion of the court fairly represents the profit resulting to the offender by reason of such breach.

(2) Any sum which the court orders an offender to pay under sub-section (1) shall be recovered in the same manner as a fine imposed by the court.

Part of fine may be awarded by court to any person suffering loss or damage.

19. Any court before which any person is convicted of an offence against this Ordinance may, if satisfied that any other person has sustained loss or damage by reason of the commission of the offence, award to such other person by way of compensation such part of any fine imposed by the court as the court thinks fit.

Court may order cancellation of licence.

20. (1) Where any licensed agent is convicted before any court of—

- (a) an offence against this Ordinance, or
- (b) any offence under any other law, for which offence he is sentenced to imprisonment—the court may make order that the licence issued to such agent be cancelled.

(2) Where the court which makes an order under sub-section (1) for the cancellation of a licence is the Supreme Court, such order shall forthwith be communicated by the court to the Registrar.

(3) Where the court which makes an order under sub-section (1) for the cancellation of a licence is a District Court or Magistrate's Court, the court shall communicate such order to the Registrar—

- (a) if no appeal is filed in the case within the period allowed for the filing of such appeals under the Criminal Procedure Code, forthwith upon the expiration of such period ;
- (b) if an appeal is filed in the case, forthwith upon the receipt by the original court of the order of the Supreme Court confirming the order of cancellation of the licence.

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(4) An order of court under sub-section (1) for the cancellation of a licence shall, for the purpose of the application of the provisions of the Criminal Procedure Code relating to appeals, be deemed to be "other punishment" within the meaning of section 335 of that Code.

21. Where an offence against this Ordinance is committed by a corporation or company, every director, and the manager, secretary, or other principal officer (by whatever name called) in Ceylon of that corporation or company shall be guilty of such offence, unless the person charged proves that the offence was committed without his knowledge or connivance and without any negligence on his part.

Offence by company.

Licences.

22. No person who is under the age of twenty-one years shall be licensed as an agricultural produce agent under this Ordinance.

No licence to be issued to persons under twenty-one.

23. Every licence issued to an agricultural produce agent shall come into force on the day specified in that behalf in such licence and shall, subject to prior cancellation under the provisions of this Ordinance, be valid and continue in force until and including the thirty-first day of December next following the day so specified.

Validity of licences.

24. Every application for a licence to carry on business as an agricultural produce agent shall be in the prescribed form and shall—

Applications for licences.

- (a) state the full name, age and sex of the applicant and, where the application is for the renewal of an existing licence, the number and other particulars of such licence ;
- (b) contain such particulars, relating to the nature of the business carried on or proposed to be carried on by the applicant and his principal and other places of business, as may be prescribed ;
- (c) specify in which of the modes mentioned in section 27 the applicant proposes to provide security ;
- (d) where the principal place of business of the applicant is situated within the revenue district of Colombo, be transmitted to the Registrar, and, where such place of business is situated in a revenue district other than Colombo, to the Assistant Registrar of such other district ;
- (e) where the application is for the renewal of an existing licence, be so transmitted not less than two months before the date on which such existing licence is due to expire ; and
- (f) be accompanied by the prescribed fee.

25. Subject as hereinafter provided, where the Registrar or Assistant Registrar is satisfied that any applicant for a licence as an agricultural produce agent is a fit and proper person to be the holder of such a licence, he shall call upon the applicant to furnish, before a specified date, security in a specified amount and to the satisfaction of the Registrar or Assistant Registrar, as the case may be, for the due compliance by the applicant with the provisions of this Ordinance and the regulations made thereunder ; and, upon the applicant duly furnishing such security, the Registrar or Assistant Registrar, as the case may be, shall register the applicant as an agricultural produce agent and issue to him a licence in the prescribed form :

Issue of licences.

Provided that where the application is for the renewal of an existing licence and the applicant has already provided security which, in accordance with any regulations made under section 27, will be in force throughout the year next following that for which the existing licence was issued, it shall not be necessary to call upon him to furnish security before a licence is issued to him.

26. (1) Where the Registrar or an Assistant Registrar refuses to issue an agricultural produce agent's licence to any applicant, he shall communicate such refusal to the applicant in such manner as may be prescribed.

Refusal of licence and appeal therefrom.

(2) Any person aggrieved by any refusal under sub-section (1) may appeal against such refusal to the Minister and the Minister may, on any such appeal, make order confirming such refusal or directing the Registrar or Assistant Registrar, as the case may be, to issue a licence to the applicant, and may give such other directions in the matter as he may deem necessary.

(3) Where the Minister makes order under sub-section (2) that a licence be issued to the applicant, the Registrar or Assistant Registrar shall, subject to any directions of the Minister and subject to the other provisions of this Ordinance relating to the furnishing of security, register the applicant as an agricultural produce agent and issue to him a licence.

(4) Regulations may be made prescribing the time within which appeals under this section shall be preferred to the Minister and generally in respect of all matters incidental to or connected with the hearing or disposal of such appeals.

Security to be furnished by applicants.

27. (1) The security required to be provided by any applicant for an agricultural produce agent's licence shall be given—

- (a) by the deposit and hypothecation of money ; or
- (b) by the hypothecation of immovable property ; or
- (c) in such other manner as may be prescribed ;

and shall be liable to be forfeited, in whole or in part, in such circumstances as may be prescribed, for the purpose of indemnifying all persons for whom such agent acts or has acted in his capacity as such agent, in respect of any loss or damage caused by any breach by such agent of any provision of this Ordinance or of any regulation.

Where an application is made for the issue of a licence in the name of a firm, the security provided shall be liable to be forfeited as aforesaid for the purpose of indemnifying all persons for whom any member of the firm acts or has acted in the capacity of an agricultural produce agent, in respect of any loss or damage caused by any breach by any member of the firm of any provision of this Ordinance or of any regulation.

(2) Regulations may be made—

- (a) prescribing the amount in which security shall be given by any person before a licence is issued to him to carry on business as an agricultural produce agent and the circumstances in which and the conditions and restrictions subject to which such amount may be increased or reduced, or such security may be dispensed with, in the discretion of the Registrar ;
- (b) prescribing different amounts for the security to be furnished by agricultural produce agents carrying on business in different districts or areas ;
- (c) prescribing the form of document to be executed by the person furnishing such security ;
- (d) providing that the security so furnished in respect of any licence issued for any year shall continue in force throughout any one or more of the succeeding years, or so long as the person furnishing such security continues to hold a licence as an agricultural produce agent, and prescribing the form of document to be executed in such cases ;
- (e) making special provisions relating to the security to be furnished by any particular class of persons or prescribing different forms of documents to be executed in particular classes of cases ;
- (f) providing for any matter incidental or supplemental to the furnishing of security under this Ordinance.

Assistant Registrar to report issue of licence to Registrar.

28. Where an agricultural produce agent's licence is issued by an Assistant Registrar, he shall forthwith report to the Registrar the fact that such licence has been issued, together with full particulars relating to such licence and the person to whom it has been issued ; and the Registrar shall enter the prescribed particulars relating to the issue of such licence in the register kept by him under this Ordinance.

Registers of licensed agents.

29. The Registrar and every Assistant Registrar shall keep a register of licensed agents in the prescribed form.

Cancellation of licences on order of court.

30. Where any order made by any court under section 20 that the licence issued to any agricultural produce agent be cancelled is communicated to the Registrar, the Registrar shall forthwith cancel such licence and make or cause to be made such alterations as may be necessary in any register of agricultural produce agents kept by him or by any Assistant Registrar under this Ordinance.

Cancellation of licences in other circumstances.

31. Regulations may be made prescribing the circumstances, other than the circumstances referred to in section 20, in which licences issued under this Ordinance may be cancelled.

Miscellaneous.

32. It shall be the duty of every licensed agent—

- (a) within seven days of changing the location of his principal place of business to inform the Registrar of such change by notice in writing, giving full particulars of his new principal place of business, and, if his licence was issued to him by any Assistant Registrar, to furnish a notice in the same terms to that Assistant Registrar within the aforesaid period ; and
- (b) at all times to keep exhibited at his principal place of business a board or sign setting out, clearly and legibly in English, his name and the words " Licensed Agricultural Produce Agent " .

Duties of licensed agent in relation to principal place of business.

33. All notices, documents or communications required by or under this Ordinance to be sent or given to or served upon any licensed agent shall be deemed to have been duly sent, given or served if left at the principal place of business of such agent or sent by post addressed to such agent at his principal place of business ; and every notice, document or communication so sent by post shall be deemed to have been served at the time at which it would have been received in the ordinary course of post.

Service of notices.

In proving such service by post it shall be sufficient to prove that the notice or other document, or the letter containing it, was duly addressed and posted.

34. Subject to the provisions of sections 9, 18 and 19, nothing in this Ordinance shall affect any civil remedy any person may have against any licensed agent in respect of any matter.

Civil remedies not affected.

35. The Governor may by Notification in the *Gazette* declare that any article or class of articles specified in such Notification shall be deemed, for all the purposes of this Ordinance, to be included in the definition of " agricultural produce " in section 38.

Expansion of definition of " agricultural produce " .

36. (1) The Governor may appoint—

- (a) any person, by name or by office, to be or to act as Registrar of Agricultural Produce Agents ;
- (b) any person, by name or by office, to be or to act as Assistant Registrar of Agricultural Produce Agents for any revenue district ;
- (c) such other officers and servants as may be necessary for the purposes of this Ordinance.

Appointment of Registrar, &c.

(2) Where no appointment is made under paragraph (b) of sub-section (1) in respect of any revenue district, the Assistant Government Agent of that district, or, where there is no such Assistant Government Agent, then the Government Agent of the Province in which such district is situated, shall be deemed to be the duly appointed Assistant Registrar of such district.

Regulations.

37. (1) The Executive Committee may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Ordinance.

Regulations.

(2) In particular and without prejudice to the generality of the powers conferred by sub-section (1), the Executive Committee may make regulations for or in respect of any or all of the following matters :—

- (a) all matters stated or required by this Ordinance to be prescribed ;
- (b) all matters for which regulations are required or authorised by this Ordinance to be made ;
- (c) the exemption from the payment of a fee for an agricultural produce agent's licence in particular cases, and the conditions and restrictions subject to which such exemption may be granted ;
- (d) the form and particulars of accounts to be rendered by licensed agents under section 11 ;
- (e) the exemption, in the discretion of the Registrar, of any licensed agent or any class of such agents, from the liability to keep any particular records, books, registers or accounts required by this Ordinance, and the conditions subject to which such discretion shall be exercised ;
- (f) the inspection, by the person on whose behalf any agricultural produce has been sold by any licensed agent, of any record, book, account or register of such agent relating to any transaction between such person and such agent, and the conditions and restrictions subject to which such inspection and the taking of any copy of such record, book, account or register shall be permitted ;
- (g) the furnishing of returns and of statistics relating to agricultural produce or the sale thereof by persons, whether agricultural produce agents or not ;

- (h) the regulation of the sale on credit by a licensed agent of any produce consigned or delivered to him for sale ;
- (i) the issue and circulation throughout Ceylon or any part thereof of official market reports relating to agricultural produce, and of lists of licences issued under this Ordinance and of cancellations of such licences ;
- (j) the registration of any matters for the registration of which no special provision is made in this Ordinance ;
- (k) all matters incidental to or connected with the matters or subjects specifically referred to in the foregoing provisions of this sub-section.

(3) Every regulation made by the Executive Committee shall be brought before the State Council by a motion that such regulation shall be approved and if so approved shall be submitted to the Governor for ratification. No regulation made by the Executive Committee shall have effect until it has been approved by the State Council and ratified by the Governor. Notification of such approval and ratification shall be published in the *Gazette*.

(4) A regulation made by the Executive Committee when approved by the State Council and ratified by the Governor shall, upon notification of such approval and ratification in the *Gazette*, be as valid and effectual as if it were herein enacted.

Interpretation.

Interpretation.

38. In this Ordinance, unless the context otherwise requires—

“ agricultural produce ” means any unmanufactured agricultural, horticultural or animal produce of Ceylon and includes flour, live or dead poultry, game and eggs and also any other article or class of articles in respect of which a notification under section 35 has been issued ;

“ agricultural produce agent ” means any person who as an agent for others, whether on commission or for or in expectation of any fee, gain or reward, whether alone or in connexion with any other business, carries on or exercises the business, or advertises or notifies that he carries on the business, of selling agricultural produce or of a broker or factor of agricultural produce ; but does not include any person employed merely in the capacity of a clerk or servant, or any banking company, or any person, being a licensed auctioneer, conducting a sale of the vendor's own agricultural produce on the vendor's property ;

“ Assistant Registrar ” means an Assistant Registrar of Agricultural Produce Agents under this Ordinance ;

“ Executive Committee ” means the Executive Committee of Agriculture and Lands ;

“ licensed agent ” means a person licensed under this Ordinance to carry on business as an agricultural produce agent ;

“ Minister ” means the Minister for Agriculture and Lands ;

“ principal place of business ” when used with reference to any licensed agent, means the place specified as such by that agent in his application for a licence under section 25, or, if that agent has sent to the Registrar one or more notices under section 32, the place specified as such in the most recent of such notices ;

“ Registrar ” means the Registrar of Agricultural Produce Agents under this Ordinance.

Application of Ordinance to sale of produce by Co-operative Societies on behalf of members.

39. (1) Nothing in the preceding provisions of this Ordinance shall be deemed to prohibit or restrict the sale of any agricultural produce by any co-operative society on behalf of any member of such society, and no such society shall be deemed to carry on or exercise the business of an agricultural produce agent by reason only of the fact that any agricultural produce of any member of such society is sold on behalf of that member by such society.

(2) Regulations may be made providing that, for the purposes of the application of any provision of this Ordinance in any case where any agricultural produce is sold by a co-operative society on behalf of any member of such society, any reference in that provision to the owner of any agricultural produce or to the person by whom any such produce is produced shall be deemed to be or to include a reference to the co-operative society by which the produce is sold.

(3) In this section, “ co-operative society ” means a co-operative society registered or deemed to be registered under the Co-operative Societies Ordinance.

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Objects and Reasons.

The object of this Bill is to introduce a scheme for the registration and licensing of agricultural produce agents and

for the regulation and control of their business, with a view to protecting producers against the unreasonably high charges incurred by them as agency commissions, transport charges, &c.

2. Under the new law no person will be permitted to carry on business as an agricultural produce agent in any area specified in any Proclamation issued by the Governor except upon a licence (Clause 2). The Registrar of Agricultural Produce Agents will issue a licence to an applicant only upon security being duly furnished in an amount which will be fixed by regulations made by the Executive Committee of Agriculture and Lands (Clause 25); and this security will be available for the purpose of indemnifying persons who have suffered loss by reason of a breach by the agent of the provisions of the new law (Clause 27). Where the Registrar refuses to issue a licence, an appeal will lie to the Minister for Agriculture and Lands against such refusal (Clause 26). Licences will be subject to cancellation by order of court upon the conviction of the licensee of an offence against the new law or of any other offence for which the licensee is sentenced to imprisonment (Clause 20).

3. No licensed agent will be permitted to purchase, either directly or through another person, any agricultural produce consigned to that agent for sale, except with the written consent of the producer; nor will the agent be permitted, in a case where he buys such produce with such consent, to charge any commission in respect of the sale (Clause 3). The maximum fees, commissions and other charges which a licensed agent will be allowed to charge in respect of any transaction will be prescribed by regulations (Clause 5). The destruction or casting away of produce, which is in a marketable condition, with a view to keeping up the price of any particular kind of agricultural produce will also be prohibited (Clause 4).

4. Every licensed agent will be required to keep a separate bank account into which all money received in respect of the sales of agricultural produce will have to be paid (Clauses 7 and 8); and no sum paid in to such an account in respect of the sale of the produce of any particular person can be used for the payment of any sum which the agent may owe to any other person, or be seized by order of court for the payment of any debt due by the agent to any other person (Clause 9). A licensed agent will be required to render his accounts in respect of any sale, and pay all money due thereon to his principal, within thirty days of the transaction (Clause 11). The records, books, and accounts to be kept by an agent in the course of and for the purpose of his business will be prescribed by regulation and will be open to inspection by the Registrar, who is also empowered to obtain returns and other information from an agent with regard to his business (Clauses 14 and 16).

The penalties which can be imposed for breaches of the new law are contained in Clauses 12 and 17; and Clauses 18 and 19 provide for payment of compensation to persons who have suffered loss by reason of any such breach.

5. The introduction of a system for licensing agricultural produce agents will enable the Registrar of Co-operative Societies to organise new societies with a greater degree of confidence that he will be able to find reliable commission agents to dispose of the produce of members of a society, without the present difficulties of marketing. A co-operative society will not, by reason of the fact that it sells produce on behalf of members be required to be licensed as an agricultural produce agent (Clause 39 (1)).

6. An important provision which affects not only licensed agents but all purchasers of agricultural produce is contained in Clause 6, which provides that in all cases where agricultural produce is purchased directly from the producer, the price at which the produce is sold must be fixed and agreed to, either at the time the purchase is made or at the time of the delivery of the produce, whichever time is earlier. The provisions of this clause will not, however, come into operation until a date is specially appointed for the purpose by Proclamation of the Governor (Clause 6 (2)).

7. The work of licensing and registration will be in the charge of the Registrar of Agricultural Produce Agents at a central office in Colombo. The registration in any revenue district other than Colombo will be in charge of an Assistant Registrar, who will generally be the Assistant Government Agent of the district (Clause 36).

8. Regulations will be made generally for the purposes of the Ordinance by the Executive Committee of Agriculture and Lands under Clause 37.

D. S. SENANAYAKE,
Minister for Agriculture and Lands.

Colombo, January 28, 1941.

MINUTE.

The following Draft of a proposed Ordinance is published for general information :—

L. D.—O 42/40

An Ordinance to amend the Agricultural Products (Regulation) Ordinance, No. 29 of 1939.

BE it enacted by the Governor of Ceylon, with the advice and consent of the State Council thereof, as follows :—

- Short title.** 1. This Ordinance may be cited as the Agricultural Products (Regulation) Amendment Ordinance, No. of 1941.
- Amendment of section 7 of Ordinance No. 29 of 1939.** 2. Section 7 of the Agricultural Products (Regulation) Ordinance, No. 29 of 1939 (hereinafter referred to as "the principal Ordinance"), is hereby amended as follows :—
- (1) in sub-section (1)—
- (a) by the substitution for the words "No quantity" of the words "No consignment of any quantity";
- (b) by the substitution for the words "that quantity" of the words "a consignment of that quantity";
- (2) by the re-numbering of sub-section (2) of that section as sub-section (4); and
- (3) by the insertion, immediately after sub-section (1) of that section, of the two following new sub-sections :—
- "(2) A separate import licence shall be necessary in respect of each consignment of any quantity of any regulated product imported into Ceylon.
- (3) Every import licence issued under this section shall cease to be valid on a date which shall be fixed by the Commissioner and inserted by him in the licence at the time the licence is issued."
- Amendment of section 8 of the principal Ordinance.** 3. Section 8 of the principal Ordinance is hereby amended, in sub-section (1) of that section, by the substitution for the words "a quantity" of the words "a consignment of any quantity".
- Amendment of section 9 of the principal Ordinance.** 4. Section 9 of the principal Ordinance is hereby amended by the substitution for the words "of any quantity" of the words "of a consignment of any quantity".
- Amendment of section 10 of the principal Ordinance.** 5. Section 10 of the principal Ordinance is hereby amended as follows :—
- (1) in sub-section (3) of that section—
- (a) in paragraph (a) thereof, by the substitution for the words "the person" of the words "the name and address of the person";
- (b) by the substitution for paragraph (c) thereof of the following new paragraph :—
- "(c) the date on which it shall cease to be valid."; and
- (2) by the substitution, for sub-section (4) of that section, of the following new sub-section :—
- "(4) At any time before the date specified in any coupon under paragraph (c) of sub-section (3), the Commissioner may, by notice sent by registered post addressed to the person to whom that coupon was issued, direct that for the date so specified a later or an earlier date shall be substituted; and that coupon shall accordingly cease to be valid on such substituted date."
- Amendment of section 11 of the principal Ordinance.** 6. Section 11 of the principal Ordinance is hereby amended as follows :—
- (1) in sub-section (1) of that section, by the substitution for the words "the holder of a coupon may, at any time while that coupon is in force," of the words "the person to whom a coupon has been issued under section 10 may, at any time before that coupon cease to be valid,";
- (2) in sub-section (2) of that section, by the substitution for paragraph (b) thereof, of the following :—
- "(b) the person to whom that warrant is issued, the date of issue, and the date on which that warrant shall cease to be valid."

7. Section 12 of the principal Ordinance is hereby amended as follows :—

Amendment of section 12 of the principal Ordinance.

- (1) in sub-sections (4) and (5) of that section, by the substitution for the words "the holder of a coupon", wherever those words occur collectively in either of those sub-sections, of the words "the person to whom a coupon has been issued";
- (2) by the substitution for sub-sections (6) and (7), respectively, of that section of the two following new sub-sections :—

"(6) No delivery of any quantity of any local product specified in any delivery warrant shall be made after the date on which that warrant ceases to be valid.

(7) Where delivery of any quantity of any local product specified in any delivery warrant is not taken before the date on which that warrant ceases to be valid, a quantity of that local product in the stocks of the Commissioner, corresponding to the quantity of that local product specified in the delivery warrant, shall be sold at the risk of the person to whom that warrant was issued."

(3) in sub-section (8) of that section—

(a) by the substitution, for the words "the last holder may," of the words "the person to whom that delivery warrant was issued may,";

(b) in paragraph (a) of that sub-section, by the substitution for the words "such amount as may be due in respect of warehouse charges" of the words "warehouse charges (at such rates as the Commissioner may in his discretion determine)";

(c) by the substitution for the words "to the last holder," of the words "to such person,";

(4) in sub-section (9) of that section—

(a) by the substitution for the words "by the last holder named in any delivery warrant" of the words "by the person to whom any delivery warrant was issued";

(b) by the substitution for the words "such last holder" of the words "such person";

(c) by the substitution for the words "to the last holder named in that delivery warrant," of the words "to the person to whom that delivery warrant was issued."; and

(5) in sub-section (10) of that section, by the substitution for the words "the last holder and the Crown." of the words "the Crown and the person to whom the delivery warrant is issued."

8. Section 15 of the principal Ordinance is hereby amended by the insertion, immediately after the definition of "Commissioner", of the following new definition :—

Amendment of section 15 of the principal Ordinance.

"consignment", when used with reference to any regulated product, means any quantity of that product upon the importation of which into Ceylon a separate bill of entry is required under the Customs Ordinance to be delivered to the Collector, whether for payment of duty upon, or for the warehousing of, such quantity or for the payment of duty upon such quantity when it is taken out of the warehouse ;

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9. (1) Where—

(a) the importation of any quantity of any regulated product has been authorised by an import licence issued under the principal Ordinance before the date on which this Ordinance comes into operation, and

(b) the whole of that quantity of that product, or any part of such quantity, has not been imported under the authority of that licence before that date—

Transitory provisions relating to import licences coupons and delivery warrants.

the whole of that quantity of that product, or that part of such quantity, as the case may be, may be imported on or after that date in like manner as if this Ordinance had not been enacted.

(2) The provisions of sections 10, 11 and 12 of the principal Ordinance as amended by this Ordinance shall apply in every case where a coupon is issued on or after the date on which this Ordinance comes into operation, notwithstanding that payment for the quantity of the local product specified in that coupon was made before that date.

(3) Where any coupon issued before the date on which this Ordinance comes into operation has not, before that date, been exchanged for a delivery warrant—

- (a) that coupon shall continue to be negotiable in like manner as if this Ordinance had not been enacted; and
- (b) upon application made to the Commissioner by the holder of that coupon for the issue of a delivery warrant in exchange for that coupon, a delivery warrant under section 11 of the principal Ordinance as amended by this Ordinance shall be issued to such holder, as if he were the person to whom the coupon was originally issued, and the provisions of sections 11 and 12 of the principal Ordinance as so amended shall apply accordingly.

(4) Where any delivery warrant has been issued under sub-section (1) of section 11 of the principal Ordinance before the date on which this Ordinance comes into operation, all the provisions of that section and of section 12 of the principal Ordinance shall continue to apply in the case of that delivery warrant as if the amendments made in those sections by this Ordinance had not been effected.

Objects and Reasons.

It is proposed by this Bill to effect in the Agricultural Products (Regulation) Ordinance, No. 29 of 1939, certain amendments which experience has shown to be necessary in order to secure more effectively the objects of that Ordinance.

2. Under the principal Ordinance, the quantity of any local product for which a person is required to pay before he can obtain a licence to import any quantity of the corresponding regulated product, is determined by reference to what is termed the standard ratio prescribed under the Ordinance. This ratio depends upon the quantity of the local product available for sale in Ceylon and is raised as larger quantities of that product become available. Under section 7 of the Ordinance importers can, at a time when a low ratio prevails, obtain a licence covering their imports over a long period in advance, so that an increase in the ratio during that period fails to secure a market for the larger quantities of the local product which become available. Moreover, the practice whereby a person imports separate quantities of a regulated product on several occasions over a long period, under the authority of a single licence which he retains in his possession, has been found unsatisfactory and resulted in administrative difficulties. The object of Clause 2 of this Bill is to amend section 7 of the Ordinance so as to require a separate import licence in respect of each consignment of a regulated product imported into Ceylon, and to provide that each licence shall cease to be valid on a date fixed by the Commissioner at the time of issue. The amendments effected by Clauses 3, 4 and 8 are of a consequential nature.

3. Under the principal Ordinance a coupon for a specified quantity of a local product is issued to the person who pays for that quantity of that product when obtaining a licence to import a regulated product. Such a coupon may be negotiated by endorsement and has to be exchanged for a delivery warrant before a date specified in the coupon. There is no provision whereby this date can be altered, and the holder of any delivery warrant can postpone taking delivery of the local product until one month after he has obtained the warrant on the surrender of the coupon. Where the local product is perishable, as in the case of red onions, the delays permissible under the Ordinance cause considerable loss, as large quantities of the local product deteriorate and have to be destroyed. Under the amendment to section 10 of the principal Ordinance proposed in Clause 5, the Commissioner is empowered to alter the date specified in a coupon, by notice to the person to whom the coupon is issued and the negotiability of coupons, which has in practice never been availed of, is removed. Under the amendment proposed in Clause 6, every delivery warrant will cease to be valid on a date specified in the warrant. These amendments will enable the dates on which coupons and delivery warrants cease to be valid to be fixed with due regard to the nature of the particular local product which is being dealt with in any case.

4. Clause 9 contains the necessary transitory provisions for dealing with transactions incomplete at the time the new law comes into force.

D. S. SENANAYAKE,
Minister for Agriculture and Lands.

Colombo, January 28, 1941.