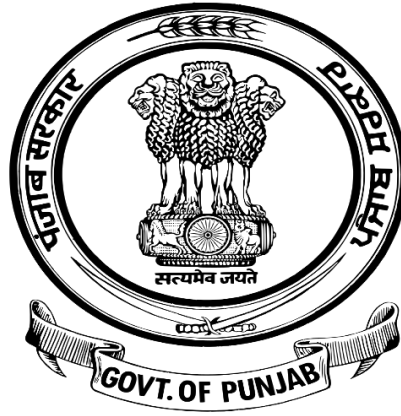


**GOVERNMENT OF PUNJAB**  
**DEPARTMENT OF LEGAL AND LEGISLATIVE AFFAIRS**

**THE PUNJAB RURAL DEVELOPMENT ACT, 1987**

**(PUNJAB ACT 6 OF 1987)**  
*(As amended upto the 31st July, 2025)*



2025

# **THE PUNJAB RURAL DEVELOPMENT ACT, 1987**

## Sections

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# **<sup>1</sup>THE PUNJAB RURAL DEVELOPMENT ACT, 1987**

**(Punjab Act No. 6 of 1987)**

*[Received the assent of the Governor of Punjab on the 9th April, 1987, and was first published for general information in the Punjab Government Gazette (Extraordinary), Legislative Supplement, dated the 10th April, 1987.]*

1	2	3	4
Year	No.	Short title	Whether repealed or otherwise affected by the legislation
1987	6	The Punjab Rural Development Act, 1987	Modification by Punjab Rural Development (Modification) Order, 1988 Amended by Punjab Act No. 4 of 1994 Amended by Punjab Act No. 3 of 1999 Amended by Punjab Act No. 8 of 2009 Amended by Punjab Act No. 16 of 2016 Amended by Punjab Act No. 26 of 2016 Amended by Punjab Act No. 24 of 2017 Amended by Punjab Act No. 14 of 2022

***An Act to provide for the establishment of the Punjab Rural Development Board with a view to accelerate rural development, augment agricultural production, improve facilities to the dealers and purchasers of agricultural produce and to provide for relief for loss of agricultural produce due to natural calamities.***

BE it enacted by the Legislature of the State of Punjab in Thirty-eighth Year of the Republic of India as follows:-

- (1) This Act may be called the Punjab Rural Development Act, 1987.
- (2) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.

Short title and commencement.

<sup>1</sup>For Statement of Objects and Reasons see *Punjab Government Gazette (Extraordinary)*, 1987, Page 500.

Definitions.

2. In this Act, unless there is anything repugnant to the context,-

- (a) "agricultural produce" means all produce, whether processed or not, of agriculture, horticulture, animal husbandry, or forest, as may be prescribed;
- (b) "Board" means the Punjab Rural Development Board established under section 3 of this Act;
- (c) "dealer" means any person who, within the notified market area, sets up, establishes or continues or allows to be continued any place for the purchase, sale, storage or processing of agricultural produce, or who purchases, sells, stores or processes such agricultural produce in the notified market area;
- (d) "Fund" means the Punjab Rural Development Fund constituted under section 6 of this Act;
- (e) "prescribed" means prescribed by rules made under this Act;
- (f) "processing" means giving treatment or a series of treatments to an agricultural produce in order to make it fit for use or consumption and includes manufacturing out of agricultural produce;
- (g) "regulations" means the regulations, made under this Act;
- (h) "rural area" means area other than the, -
  - (i) local area included in a municipality under the Punjab Municipal Act, 1911;
  - (ii) local area constituted to be a City under the Punjab Municipal Corporation Act, 1976;
  - (iii) area declared as an urban estate under the Punjab Urban Estates (Development and Regulation) Act, 1964; and
  - (iv) place declared to be a cantonment under the Cantonments Act, 1924; and

- (i) words and expressions used but not defined in this Act shall have the meaning assigned to them in the Punjab Agricultural Produce Markets Act, 1961.

Establishment of Board, its constitution, powers and duties.

3. (1) The State Government may, by notification, for exercising powers conferred on and performing the functions and duties assigned to the Board by or under this Act, establish the Punjab Rural Development Board.

(2) The Board established in terms of sub-section (1) shall consist of a Chairman and the following other members, namely:-

- (i) the Agriculture Minister, Punjab;
- (ii) the Revenue and Rehabilitation Minister, Punjab;
- (iii) the Rural Development and Panchayats Minister, Punjab;
- (iv) the Financial Commissioner Development, Punjab;
- (v) the Financial Commissioner Revenue, Punjab;
- (vi) the Secretary to Government of Punjab in the Department of Finance; and

<sup>1</sup>[(vii) four other persons nominated by the Chief Minister, Punjab from amongst the persons having sufficient experience in rural and agriculture and other allied fields.]

(3) The <sup>2</sup>[Chief Minister], Punjab, shall be the Chairman of the Board.

<sup>3</sup>[(3-A) Notwithstanding anything contained in sub-section (2) and (3), during the operation of Proclamation issued under clause (1) of article 356 of the Constitution of India in the State, the Board established in terms of sub-section (1) shall consist of the following namely: -

- (i) the Governor of Punjab; ...Chairman
- (ii) the Additional Chief Secretary to Government of Punjab and Secretary to Government, Punjab, Agriculture ...Member

<sup>1</sup>Added by Punjab Act No. 4 of 1994, Section 2

<sup>2</sup>Substituted for words "Finance Minister" by Punjab Act No. 4 of 1994, Section 2

<sup>3</sup>Inserted by Punjab Rural Development (Modification) Order, 1988, vide Order No. 11(21)/M-1/86/27024, dated the 27th October, 1988, of Department of Agriculture and Forests

- Department;
- (iii) the Financial Commissioner, Revenue, ...Member Punjab;
  - (iv) the Secretary to Government of Punjab, ...Member Department of Finance;
  - (v) the Secretary to Government of Punjab, ...Member Department of Rural Development and Panchayats;
  - (vi) the Secretary to Government of Punjab, ...Member Department of Health and Family Welfare;
  - (vii) the Secretary to Government of Punjab, ...Member Department of Public Works (Public Health);
  - (viii) the Secretary to Government of Punjab, ...Member Department of Planning; and
  - (ix) the Secretary to Government of Punjab ...Member]

(4) The Board constituted in terms of <sup>1</sup>[sub-section (2) and (3-A)] shall be a body corporate having perpetual succession and a common seal with powers, subject to the provisions of this Act, to acquire and hold property and shall by the said by the said name sue and be sued.

(5) The State Government shall exercise superintendence and control over the Board and its employees, and may call for such information as it may deem necessary.

(6) Subject to the rules made under this Act, the Board may frame regulations for transacting business at its meetings and for such other matters as may be prescribed.

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<sup>1</sup>Substituted by Punjab Rural Development (Modification) Order, 1988, vide Order No. 11(21)/M-1/86/27024, dated the 27th October, 1988, of Department of Agriculture and Forests

(7) Subject to the rules made under this Act, an estimate of annual income and expenditure of the Board for the ensuing year shall be prepared and passed by the Board and submitted every year for sanction of the State Government not later than the prescribed date:

Provided that the State Government shall sanction and return the budget to the Board within a period not exceeding two months from the date of receipt thereof.

Officers and  
Employees  
of the  
Board.

4. (1) The Board may, with the prior approval of the State Government, create such posts and appoint such officers and other employees thereon as it may consider necessary for the efficient discharge of its functions.

(2) The conditions of service of officers and other employees referred to in sub-section (1) and their functions and duties shall be such as may be regulated by the regulations made by the Board under this Act.

Levy and  
collection  
of fee.

5. <sup>1</sup>[(1) Subject to the rules made under this Act, there shall be levied for the purpose of this Act, a fee on ad valorem basis, at the rate of <sup>2</sup>[rupees three] for every one hundred rupees, in respect of the agricultural produce, bought or sold in the notified market area.

(2) The fee levied under sub-section (1) shall be paid by the dealer in such manner as may be prescribed and shall be realised by a market committee established under the Punjab Agricultural Produce Markets Act, 1961 (Punjab Act 23 of 1961):

Provided that the burden of the fee shall be passed on by the dealer by adding it to the purchase price recoverable by him from the next purchaser of the agricultural produce or the goods processed or manufactured out of it.

(2-A) If any dealer fails to pay the amount of the fee levied under sub-section (1), he shall, in addition to the amount of fee be liable to pay interest on the amount of fee due from him at the rate of eighteen per centum per annum from the date of default.]

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<sup>1</sup>Substituted by Punjab Act No. 4 of 1994, Section 3

<sup>2</sup>Substituted for words "rupees two" by Punjab Act No. 24 of 2017, Section 2

(3) The arrears of fee levied under sub-section (1) shall be recoverable as arrears of land revenue.

Power to borrow by the Board.

<sup>1</sup>[5-A. The Board may, with the prior approval of the State Government, raise loans from the banks or other financial institutions on such terms and conditions, as may be prescribed.]

Constitution of Fund.

6. (1) There shall be constituted a fund to be called the Punjab Rural Development Fund which shall vest in the Board.

(2) The Fund constituted under sub-section (1) shall be administered by such officer or officers of the Board as may be appointed by it in this behalf.

(3) The amount of fee <sup>2</sup>[realised by a market committee established under the Punjab Agriculture Produce Markets Act, 1961 (Punjab Act 23 of 1961)] under sub-section (2) of section 5 shall be credited to the Fund within such period as may be prescribed and the grants from the <sup>3</sup>[State Government and local authorities and the loans raised by the Board under section 5-A] shall also be credited to this Fund.

Audit of Fund.

<sup>4</sup>[6-A. Subject to the control of the Secretary to Government of Punjab, Department of Finance, who shall be the final audit authority, the accounts of the Fund shall be audited, as far as possible once in a year or half yearly, as the Government may direct, by or under the orders of the Examiner, Local Fund Accounts, Punjab.]

Purposes for which the Fund may be applied.

<sup>5</sup>[7. The Fund shall be applied for the following purposes, namely:-

- (i) for construction or repair of approach roads to mandis or procurement centres and street lights thereon enabling farmers in transportation of their produce;
- (ii) for construction or development of new mandis or procurement centres and development of old or katcha mandis or procurement centres;

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<sup>1</sup>Inserted by Punjab Act No. 3 of 1999, Section 2

<sup>2</sup>Substituted for words "paid to the person or the officer appointed or designated by the Board" by Punjab Act No. 4 of 1994, Section 4

<sup>3</sup>Substituted for words "State Government and local authorities" by Punjab Act No. 3 of 1999, Section 3

<sup>4</sup>Inserted by Punjab Act No. 16 of 2016, Section 2

<sup>5</sup>Substituted by Punjab Act No. 14 of 2022, Section 2

- (iii) for making arrangements for supply of drinking water and for improving sanitation in the mandis or procurement centres;
- (iv) for providing well equipped rest houses or night shelters or sheds for farmers and labour engaged in procurement operations;
- (v) for augmenting storage facilities in mandis to store procured stocks so as to strengthen the procurement and marketing systems in the state;
- (vi) to provide relief to debt stressed farmers of the State to eliminate any possibility of distress sale;
- (vii) for development of hardware or software related to procurement or linking of land records, crop survey, bio-authentication of farmers at the mandis or State level which may improve transparency and facilities the procurement activities;
- (viii) for installation or purchase of computerized electronic weighbridge or weighing facilities or quality testing equipment's or sieving facilities in the mandis or procurement centres and its integration with e-procurement module;
- (ix) for automation and mechanization of mandis with facility of cleaning, sorting, drying, analyzing quality of grains, small shipping silo, bag sacking and stitching; and
- (x) for carrying out such purposes which may led to strengthening of mandis or procurement operations.]

Utilization of Fund.

<sup>1</sup>[7-A. The State Government may direct the Board for the utilization of Fund, as it may deem fit, in the interest of the producers and for the benefit of the persons paying the fee, including the dealer.]

Penalty.

8. Any dealer who contravenes the provisions of this Act or the rules made thereunder shall be punishable with fine which may extend to five hundred rupees.

Protection of action taken in good faith.

9. No suit, prosecution or other legal proceeding shall lie against the State Government or any officer of the State Government or Board in respect of

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<sup>1</sup>Inserted by Punjab Act No. 26 of 2016, Section 2

anything which is in good faith done or intended to be done in pursuance of this Act, rules made or any order issued thereunder.

Power to  
make rules.

10. (1) The State Government may make rules for carrying out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for,-

- (a) the preparation and submission for sanction of an estimate of annual income and expenditure;
- (b) period within which the amount is to be credited to the Fund under sub-section (3) of section 6; and
- (c) any other matter which has to be or may be prescribed.

(3) Every rule made under this section shall be laid as soon as may be after it is made, before the House of the State Legislature while it is in session for a total period of ten days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session in which it is so laid or the successive session aforesaid, the House agrees in making any modification in the rule or the House agrees that the rule should not be made, the rule 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 or omitted to be done under that rule.

Power to  
make  
regulations.

11. (1) The Board may, from time to time, with the previous approval of the Government, make regulations not inconsistent with this Act and the rules made thereunder for the purposes of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing powers, such regulations may provide for –

- (a) transacting business at the meeting of the Board;
- (b) the conditions of service of the officers and other employees of the Board and their functions and duties.

Power to  
remove  
difficulties.

12. If any difficulty arises in giving effect to the provisions of this Act, the State Government may, by order, make such provisions, including any adaptation or modification of any provision of this Act as appears to the State Government to be necessary or expedient for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiry of two years from the date of commencement of this Act.