



# THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) ACT, 1966

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## STATEMENTS OF OBJECTS AND REASONS

### I

**Act 27 of 1966.-** This Bill is intended to provide for a uniform law relating to the better regulation of buying and selling of agricultural produce and the establishment of markets for agricultural produce throughout the new State of Mysore repealing and replacing the following Acts which are in force in the several areas:-

(1) The Bombay Agricultural Produce Markets Act 1939 (Bombay Act 22 of 1939) as in force in the Bombay area;

(2) The Madras Commercial Crops Markets Act, 1933 (Madras Act 20 of 1933) as in force in the Madras Area and as in force in Bellary District;

(3) The Coorg Agricultural Produce Markets Act, 1956 (Coorg Act 7 of 1956) as in force in the Coorg District;

(4) The Hyderabad Agricultural Market Act, 1339F (Hyderabad Act 2 of 1339F) as in force in the Hyderabad Area;

(5) The Mysore Agricultural Produce Markets Act. 1939 (Mysore Act 16 of 1939) as in force in the Mysore Area.

This Bill has been prepared taking into consideration the suggestions of the Government of India that there is need for reorienting the pattern of regulation of markets so as to effectively regulate the sale and purchase of agricultural produce.

Among other things, provision is made in this Bill for-

(i) defining 'agriculture produce' to include all produce of agriculture, animal husbandry, apiculture, horticulture or pisciculture, forest produce and any other produce, live-stock and poultry;

(ii) notifying the intention of Government to regulate the purchase and sale of agricultural produce in specified area and declaration of market area and of market yard;

(iii) establishment of market committees for trading in specified kinds of agricultural produce and also separate market committees within the same market area for trading in any particular kind of agricultural produce;

(iv) representation on the market committee to purchasers of agricultural produce, representatives of the purchasers' co-operative societies, representatives of co-operative marketing and processing societies, municipalities, taluk boards and the Central Warehousing Corporation or State Warehousing Corporation;

(v) levy and collection of market fees by the market committee;

(vi) constitution of market committee funds and Central Market Fund;



- (vii) conferring borrowing powers on market committee;
  - (viii) appointment of Government servants as Secretaries, Assistant Secretaries, Technical Accounts and Audit Staff of Market Committees to ensure efficient administration and control of market;
  - (ix) inquiry or inspection by the Chief Marketing Officer; and
  - (x) suspension of market committee for failure to perform duties.
- (Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 30-3-1963 as No. 47)

## II

**Amending Act 19 of 1969.-** The Karnataka Agricultural Produce Marketing (Regulation) Act, 1966, came into force on 1st May, 1968. Section 154(1) of the Act repeals the previous Acts on the subject in force and provides for the continuance of the market committees constituted under those Acts until the constitution of market committees under the new Act. By this provision it was intended to bring into existence elected market committees under the new Act in place of the old market committee. But in *Marularadhya -Vs- Regulated Market Committee, Shimoga & Others*, 1969 (1) Kar. L.J.533, the High Court of Karnataka has held that the election of a market committee under Section 11 of the Act should be preceded by the composition of a nominated market committee under section 10 and that it is only by that process that an old Market Committee which continues to function under proviso (c) to Section 154(1) can vacate office. A market committee nominated under Section 10 will hold office for a period of two years. Government considered that it was not desirable in the democratic set up to nominate members to all these committees.

Some of the existing committees had not been reconstituted for the last 10-12 years, and the pattern of representation on the committees was substantially different from the pattern prescribed under the new Act and some of the constituencies prescribed under the new Act were totally unrepresented in these committees. In many market committees representatives of the traders were functioning as Chairman which was inconsistent with the fundamental principles of the new Act. In some of the committees the bodies had ceased to exist as their period has expired and only the Chairmen were functioning on behalf of the committees. It will take nearly a year to prepare the voters list, to publish them and to hold the elections. It was, therefore, decided to terminate the period of office of all the existing market committees and to appoint administrators for a period not exceeding one year in place of the existing market committees in order to ensure their proper working.

The administrators will also take immediate action to constitute the market committees within a period of one year.



Under the new Act, in respect of every market area, there should be a market and a market yard, and the market fee can be levied in respect of agricultural produce brought by a trader or other person in the yard. It was found that in respect of many existing market areas, the market and market yards had not been duly notified. A removal of Difficulties Order was therefore issued under Section 152 empowering the Chief Marketing Officer to issue necessary notifications in this behalf. To place the matter beyond doubt, it was considered desirable to validate the notifications issued by him.

This opportunity has been taken to make certain clarificatory amendment.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 16-8-1969 as No. 402) (Obtained from L.A. Bill No. 26 of 1969)

### III

**Amending Act 3 of 1970.-** The election to the Market Committee have to be held within one year from 19th July 1969. It was considered necessary that only occupants and tenants cultivating the agricultural lands should be registered as the voters in the agriculturists' constituencies as this would facilitate preparation of the voters' list without delay.

Where there are more than one Taluk Marketing Societies in a Taluk it was considered necessary that any member of the committee of any society might be nominated to the first Market Committee. It was also considered necessary to provide that all elected Directors should form an electoral college to elect one from among themselves to be member of a Market Committee in respect of the Taluk Marketing Societies.

It was considered necessary to prohibit a person from being a member of more than one Market Committee.

Certain necessary clarification amendments were also considered necessary.

An Ordinance was promulgated for these purposes and Bill is intended to replace the Ordinance.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 12-1-1970 as No. 17 at page 5. )

### IV

**Amending Act 20 of 1973.-** Under Section 65 of the Act market committee may levy market fees as prescribed by bye law upto 30 paise per 100 rupees price of the produce sold.

For developing regulated markets in the State, the International Development Association has agreed to advance a loan of rupees ten crores to the State Government on the condition among others, that the maximum market fee to be levied may be one rupee per one hundred rupees of the price of the agricultural produce sold.



The loan had to be expeditiously obtained. In view of this urgency and as both Houses of the Legislature were not in session, the Mysore Agricultural Produce Marketing (Regulation) (Amendment) Ordinance, 1973 was promulgated. Since the loan would be advanced through commercial banks, another amendment was made to section 90 to authorise investments by the Market Committees in Scheduled Banks also.

The Bill is to replace the Ordinance.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 30-8-1973 as No. 690 at page 3.)

## V

**Amending Act 24 of 1975.-** There has been an incessant and continuous demand from within and outside the Legislature to provide adequate communication facilities to all the villages in the State in order that the agriculturists may better utilise the facilities of regulated markets provided under the Act. In spite of ad-hoc arrangements made from time to time, it has not been possible to fully meet the said demand for roads in rural areas, due to mainly lack of regulated flow of funds for the purpose. It is therefore considered necessary to provide for levy of a market fee on the sellers also and utilise the proceeds for the development of rural roads.

Hence this Bill.

(Obtained from File No. LAW 25 LGN 75.)

## VI

**Amending Act 14 of 1976.-** In the existing section 60, the Chief Marketing Officer has to transfer the Secretary of the Market Committee only if 3/4 of the total number of members of the Committee vote for such a transfer. Since the Secretaries of the Market Committees are Government servants, such a legal obligation on the part of the Chief Marketing Officer is not proper. Hence, section 60 is proposed to be deleted.

In the existing Act, the functions of the Agricultural Produce Market Committees are limited to regulate buying and selling of agricultural produce. It is felt necessary to help forge a link between producers with consumers by the establishment of processing units in or around the Market Areas for fair distribution of processed agricultural produce to the consumer at reasonable rates, for the benefit of both the producer and the consumer.

In the existing Act, there is no power to exempt any Market Committee levy and collection of Market Fee in respect of agricultural produce. It is proposed to empower the State Government to exempt any Market Committee from levying and collecting Market Fees and sellers in respect of any agricultural produce sold by such sellers in the Market Area. This



provision is considered necessary in order to prevent large diversion of trade particularly in the market functioning in the border areas of the State. The less of income on this account is likely to be made good, many times mere as a result of the stoppage of diversion of trade.

The proposal is to reduce the quantum of contribution by the State Government to the State Agricultural Marketing Board from the existing rate of five per cent of the total income of the Market Committees in the State to one per cent of the gross receipts of the Market Committees during that year by way of Market Fees and Licence Fees. This provision reduces the burden of financial commitments on the part of the State Government to the State Agricultural Marketing Board.

Hence this Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 5-2-1976 as No. 689 at pages 3-4.)

## VII

**Amending Act 43 of 1976.-** In line with the current thinking on the subject it is proposed to expand the objectives of the Act so as to include within its ambit regulation of grading, processing, transport, packaging etc.

It is also proposed to provide that wholesale trade in notified agricultural produces can be conducted only in the market yards and sub-market yards so as to have effective regulation of trade and to afford on the spot processing and packaging facilities to the traders as well.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 7-4-1976 as No. 1858 at page 4.)

## VIII

**Amending Act 47 of 1976.-** Section 41 of the Act which deals with the procedure for election of the Chairman and Vice- Chairman does not provide for what should happen when the meeting cannot be concerned within the prescribed time limit, or having been convened does not meet for some reason or other. This results in a stalemate, much to the detriment of the functioning of the Committee. It is necessary to amend this section making suitable provisions.

Section 133 of the Act which provides exemptions, permits exemptions only in favour of such class of societies of which all members are either agriculturists or primary producers of any notified agricultural produce. Recently the definition of the word "Marketing" in the Act



has been enlarged. In view of this other co-operatives also will have to be brought within the exemption clause. It is proposed to do so.

Hence this Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 24-5-1976 as No. 2815 at page 5.)

## IX

**Amending Act 17 of 1980.-** It is proposed to specify in a schedule the agricultural produces, the marketing of which are to be regulated in the market areas in the State. It is also provided to treat the market committees as local authorities for all purposes. Section 10 and 11 are proposed to be amended providing for the reservation of one seat among the agriculturists constituency for the Scheduled Castes and Scheduled Tribes in all the market committees and power is also taken to nominate one person on all the market committees who shall be as far as possible a person belonging to the Scheduled Castes and Scheduled Tribes.

Power is taken to notify the classes of officers and servants specified by the Government as officers and servants of the State, and to constitute a separate service for them. Provision is also made to advance loans by the market committees which are financially sound to the other needy market committees and the State Agricultural Marketing Board. It is proposed to validate the levy and collection of market fees from the seller since service corers of rupees is to be refunded in view of the recent judgment of the High Court. The refund would have considerably affected the finance of the State. It is now proposed to empower the market committees to levy market fee on the buyers only at a rate not exceeding two per cent of the price of the agricultural produce brought. Some consequential amendments are also effected. It is also proposed to increase the rate of commission from 1 1/2 per cent to 2 per cent and in case of fruits and vegetables 4 per cent. Providing facilities for the transport of agricultural produces to the market yard is made as one of the obligatory duty of the market committees. Provision is made to amalgamate two or more market areas into to one single market area. Since the Legislative Council was not in session, an Ordinance was promulgated and hence this Bill to replace the said Ordinance.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 24-9-1979 as No. 955 at page 18.)

## X

**Amending Act 4 of 1982.-** The Bill seeks to validate certain acts of the Chief Marketing Officer and the market committees in the matter of levy and collection of market fees, the making of bye-laws which were vitiated only due to purely technical and Procedural



irregularities. The Bill also seeks to vest the control of elections in the matter of cancellation of calendar of events or postponement of poll in the Government.

The other main features of the Bill are -

(a) Where there is an alteration in any market area or the notified agricultural produce relating thereto but the market or sub-market continues to be the same, it is provided that it is not necessary to notify the market or sub-market etc., again.

(b) the CMO is given the power to cancel the allotment of sites made for market committees for reasons to be recorded in writing.

(c) the Market Committees are required to make reservation of posts in favour of SCs, STs, and other backward classes.

(d) the market fee on cattle is to be collected, on the basis of number and not on their value.

(e) Market fee is made payable on the purchase of wood from the State or Central Government.

(f) CMO is empowered to revise the contributions to be made to the consolidated fund of the State by the market committees for services rendered by Government.

(g) Some other incidental and minor matters.

Two ordinances were promulgated in this behalf. This Bill seeks to replace the said two Ordinances.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 6-2-1982 as No. 89 at page 7.)

## XI

**Amending Act 2 of 1984.-** In the Karnataka Marriages (Registration and Miscellaneous Provisions) Act, 1976 (Karnataka Act 2 of 1984) certain consequential amendment were made to the Karnataka Agricultural Produce Marketing (Regulation ) Act, 1966 (Karnataka Act 27 of 1966.

## XII

**Amending Act 35 of 1986.-** In the Course of implementation of Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 the Market Committee and the Department of Marketing have felt the need for amendments to the existing provisions of the Act. It is also found necessary to add certain provisions to the Act by way of amendment to avoid leakage in market fees and effective regulation of trade in the notified commodities. One of the important amendments is regarding charging commission on Commission Agents. At



present the Commission Agents are recovering their commission from the sellers at 2%. Most of the Chairmen of the Agricultural Produce Marketing Committees who are members of the Karnataka State Agricultural Marketing Board have informed that even though statute restricts the commission charge at 2%, the Commission Agents in practice collect more from the agriculturists as most of the producers/sellers are illiterate. It is also felt necessary to define commission sales and to provide penal provisions.

2. The amendments now proposed seek to over-come some of the practical difficulties faced by Market Committees in the State. Certain modifications in the existing provisions of the Act have become necessary due to absorption of the employees of the Market Committee in Government service with effect from 1.3.1982.

3. Hence this bill.

(Obtained from File No.LAW 48 LGN 86) (L.A. Bill No 36 of 1986.)

### XIII

**Amending Act 29 of 1987.-** It is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966.-

(i) to restrict the sale and purchase of notified agricultural produce to a market yard, market subyard or sub-market yard except in cases of certain co-operative societies, and sale by a retail trader;

(ii) to make provision for disqualification of a commission agent or a market functionary for membership of a market committee.

(iii) to prohibit moving of a no-confidence motion within a period of one year after the failure of a similar motion of no-confidence moved earlier;

(iv) to provide for cancellation or suspension of a licence if licensee is in arrears of market fee or penalty;

(v) to remove the existing classification of traders for the purpose of obtaining security;

(vi) to provide punishment for contravention of section 66.

Opportunity is also taken to make certain consequential amendments.

As the Karnataka Legislative Council was not in session and the matter was urgent, the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Ordinance, 1987 (Karnataka Ordinance 5 of 1987) was promulgated.

This Bill seeks to replace the said Ordinance.



(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 2-9-1987 as No. 572 at page 6.)

#### XIV

**Amending Act 6 of 1988.-** It is considered expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966) to enable the Agricultural Produce Marketing Committees to contribute towards the Promotion of agricultural engineering and research in the state.

As the matter was urgent and the Karnataka Legislative Council was not in session, the Karnataka Agricultural Produce Marketing (Regulation) (Second Amendment) Ordinance, 1987 (Karnataka Ordinance 6 of 1987) was promulgated.

This Bill seeks to replace the said Ordinance.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 23-1-1988 as No. 53 at page 4.)

#### XV

**Amending Act 14 of 1990.-** In the Karnataka State Civil Service Act, 1976 (Karnataka Act 14 of 1990) certain consequential amendments were made to the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966.

#### XVI

**Amending Act 16 of 1991.-** Having regard to the amendment suggested by the Committee constituted on 15-10-87 it is considered necessary to make the following changes namely;-

(1) To specify, that market area shall not be less than a Taluka and more than a district.

(2) To enable the market committee to enter into agreement with the owner of any land or building to purchase such Land or building after getting approval of the Director of Agricultural Marketing and obtaining a valuation Certificate from the Deputy Commissioner.

(3) To enhance the number of agriculturist, representatives in the market committee from 9 to 11 and to provide for reservation of one seat for women and two seats for persons belonging to Scheduled Caste and Scheduled Tribes and consequent to this to omit the provision relating to nomination of two persons belonging to Scheduled Caste and Scheduled Tribes.



- (4) To exclude commission agents from the market committee.
- (5) To have one representative each from amongst the Co-Operative Market Societies and the Agricultural Co-Operative Processing Societies carrying on business in notified agricultural Produce within the market area instead of the representatives of Taluka marketing Society.
- (6) To provide for disqualification for membership of a representative of agriculturist, if such person was doing business as a trader, commission agent, broker, importer, exporter till such date not later than five years immediately preceding the date of election.
- (7) To provide for disqualification if a person defaults for a period of seven days or more by failing to pay the sale proceeds or other amount due to seller.
- (8) To make it obligatory to hold the election of market committee before expiry of term of office of members.
- (9) To enable the prescribed officer to hold election of Vice-Chairman also which is now being conducted by the Chairman.
- (10) To provide for appointment of an officer to preside over the meeting where a motion of no confidence is made both against the Chairman and Vice-Chairman.
- (11) To provide for one single service by amalgamating the Karnataka State Market Committee Service and the Karnataka State Marketing Service.
- (12) To enable the market committee to grant loans to Co-Operative Marketing Societies and Agricultural Co-Operative Societies and other Co-Operative Societies dealing in notified Agricultural Produce within the market area and contribute shares to the Co-operative Marketing Societies and Agricultural Co-operative processing societies within the market area and dealing in notified agricultural Produce.
- (13) To empower the market committee to take steps for purchase, sale, etc., of agricultural produce during the disruption of functioning in the market yard or sub-yard, due to strike.
- (14) To enable the market committee to provide, within the market area, any infrastructural facilities for the benefit of the user's of market.
- (15) To empower the market committee and Secretary of market committee to exercise certain powers under the Karnataka Municipal Corporations Act, the Karnataka Municipalities Act, and the Karnataka Zilla Parishads etc., Act.
- (16) To raise the market fee in respect of cattle from rupee five per head to five rupees and in case of sheep or goat from twenty five paise per head to one rupee.
- (17) To levy market fee at the rate of eighty per cent in the case of Co-Operative Societies.



(18) To specify the maximum commission in the case of coconuts as rupees fifteen per one thousand and in other cases rupees fifteen per quintal.

(19) To enhance security amount payable by the traders and commission agents from Rs. 1,000-00 to Rs. 5,000-00 in addition to a continuous Bank guarantee of Rs.10,000-00 or an amount equal to two per cent of the annual turn over, whichever is more.

(20) To include Secretary to Government , Co-Operation Department, or his nominee, Secretary to Government Agricultural Department or his nominee and the Director of Agricultural Marketing as the members of the State Marketing Board.

(21) To specify the functions of the Board and Managing Director of the Board.

(22) To restore to the State Government the powers of the Director to supersede the market committee.

(23) To restore to the State Government the powers of the Director to remove Chairman and Vice-Chairman of the market committee.

(24) To amend the Karnataka Rent Control Act. 1961 to exclude premises of the market committee from the purview of that Act.

(25) To Amend the Karnataka Public Premises (Eviction of Unauthorised occupants) Act, 1974 to extend the provisions of the Act to premises of market committee.

(26) Certain consequential and incidental changes are also made.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 26-3-1991 as No. 137 at page 499-501.)

## XVII

**Amending Act 16 of 1998.-** The Karnataka Agricultural Produce Marketing (Regulation) Act, 1959 stipulates that payment has to be made to the farmers who sell their agricultural produce, on the very day of the sale of their produce, yet, the market functionaries are found delaying payment to the sellers and also making unauthorised deductions as commission out of the sale price.

The subject committee has suggested that the commission agents as also purchasers should be required to remit the amount directly to the Market Committee instead of making payment other than through the Market Committee, so that the Market Committee can make payments to the farmers immediately and without deductions. Therefore it is considered necessary to amend the Act suitably and for certain other purposes.

Hence the Bill.

(Obtained from L.A.Bill No.19 of 1997)

## XVIII



**Amending Act 17 of 1998.-** Section 11 of the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 provides for Constitution of second and subsequent Market Committees. There was no provision for nomination of members to a Market Committee except nomination of an officer by the Director of Agricultural Marketing. Since Market Committees handle huge public funds released by way of marketing fees, constructive guidance and vigilance are necessary for proper utilisation of funds for various developmental activities. In order to ensure this it was considered necessary to nominate three members by amending section 11. Accordingly the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Ordinance, 1997 was promulgated on 22nd May 1997. It has now lapsed.

A Bill to replace the said Ordinance was introduced in the last session held during the year 1997. But it was not taken up for consideration. After promulgation of the said Ordinance the Government nominated Members to some of the Market Committees. Meanwhile, the ordinance was questioned in the High Court and the High Court quashed the ordinance. Against that judgement, the Government filed writ appeal No. 5052-5053 of 1997 and in the said appeals the order of the single judge quashing the ordinance was set aside.

The High Court had directed the State Government in Writ Petition No.18486 of 1997 to hold election to the offices of the Chairman and Vice-Chairman of the Market Committees before 30th April 1998. The Bill pending in the Legislative Assembly was not taken up for consideration even during the last session.

It has become necessary to make nominations to all the Market Committees in the State before holding election to the offices of the Chairman and Vice-Chairman.

As the matter was urgent and Karnataka Legislative Council is not in session the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Ordinance, 1998 was promulgated.

Hence the Bill.

(Obtained from L.A.Bill No.12 of 1998)

## **XIX**

**Amending Act 22 of 2000.- Note.-** By this Act certain obsolete laws were repealed and certain minor and consequential amendments were made to certain laws including Act 27 of 1966.

(Obtained from L.A. Bill No. 17 of 2000)

## **XX**



**Amending Act 31 of 2000.-** Keeping in view the liberalisation of the economy and opportunities and challenges to horticulture in meeting the demands of domestic consumers, there is a need to have modern, hygienic, transparent, and professionally managed markets with forward linkages to retailers and consumers and backward linkages to producers in Karnataka. Therefore it is considered necessary to amend the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 to provide,-

(i) for establishment of National Integrated Produce Market owned and managed as an autonomous entity by National Dairy Development Board incorporated under the National Dairy Development Board Act, 1987 (Central Act 37 of 1987);

(ii) for setting up collection centers by NDDDB or for financing assisting or supporting farmers or farmers association in setting up collection center in the State;

(iii) for setting up, supporting or otherwise assisting in setting up distribution channels and institutions at various places in the State;

(iv) for levy and collection of fees, security deposit, advances and other charges for services rendered in National Integrated Produce Marketing;

(v) for making regulation by NDDDB in connection with ownership, management, etc, in relating to National Integrated Produce Market;

(vi) that the provisions of the Act or rules made thereunder do not apply to National Integrated Produce Market;

Certain incidental provisions are also made.

As the matter was urgent and the Karnataka Legislative Council was not in session, Karnataka Agriculture Produce Marketing (Regulation) (Amendment) Ordinance, 2000 was promulgated.

This Bill seeks to replace the said Ordinance.

Hence the Bill.

(Obtained from L.A. Bill No. 26 of 2000)

## XXI

**Amending Act 8 of 2001.-** It is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 to provide for the following:

(i) Section 10 provides for constitution of the first market committee for a period of two years which may be extended by the state Government for one more year. It is felt necessary to enhance the maximum period of extension from the existing one year to two years to manage the Market Committee where an election is not held intime during the extended period of one year.



(ii) Section 44 provides for moving a motion of no confidence against the chairman or the Vice Chairman of a Market Committee which will be carried only if it is voted by a majority of not less than two-thirds of the members of the market committee. Adhyakshas and Upadhyakshas of Taluk Panchayats and Zilla Panchayat may be removed by a motion of expressing want of confidence in them passed by a simple majority. It is appropriate to have similar provisions in respect of the Chairman and Vice Chairman of market committee also.

(iii) It is found necessary to have a provision to enable the market committees to contribute to the floor price scheme and Raitha Sanjeevini Accidental Insurance Scheme which are beneficial to agriculturists.

Prices of various agricultural commodities are continuously falling all over the state. This has caused great hardship to the agriculturists and has also lead to wide spread agitation. The agitation has lead to law and order problem in certain places. The floor price scheme is meant to control the falling prices of agricultural commodities. It will go a long way in giving some relief to the agriculturist. Therefore, the market committees should be empowered to make contributions to the floor price scheme as early as possible.

Since the matter was urgent and the Karnataka Legislative Council was not in session the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Ordinance 2001 (Karnataka Ordinance 1 of 2001) was promulgated to achieve the above object.

Hence the Bill.

(Vide L.A.Bill No.4 of 2001 File No.ಸಂವ್ಯಶಾಇ 3 ಶಾಸನ 2001)

## XXII

**Amending Act 10 of 2001.-** To give effect to the proposals made in the Budget Speech of 2001-2002, it is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966.

Hence the Bill.

(Vide L.A. Bill No. 10 of 2001 File No. ಸಂವ್ಯಶಾಇ 15 ಶಾಸನ 2001 )

## XXIII

**Amending Act 13 of 2002.-** With a view to provide representation and to ensure social justice for agriculturists belonging to the Backward Classes in the Market Committees, it is proposed to amend the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966

It is also considered necessary to amend the said Act to provide for commencement of the term of office of the Chairman and Vice Chairman of



Elected Market Committee for which elections were held during 1997, from the date of first meeting held for election to such office in order to remove certain difficulties.

It is considered necessary further to amend sub-section (3) of section 65 of the said Act to substitute the word "period" for the word "crop season" as the marketing of Agricultural Produce is done throughout the year irrespective of the crop season. Agricultural Produce is sold by farmers on the basis of the prevailing market rates irrespective of the crop section.

Since the matter was urgent and the Karnataka Legislative Assembly was not in session, the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Ordinance 2002 (Karnataka Ordinance No 4 of 2002) was promulgated to achieve the above object. The Ordinance is to be replaced by an Act of Legislature.

Hence the Bill.

(L.A. Bill No. 26 of 2002)

#### XXIV

**Amending Act 22 of 2004.-** It is considered necessary to review the present provisions in the Karnataka Agriculture Produce Marketing (Regulation) Act, relating to 'retail sale' and 'retail trader' which prescribes the maximum quintals of agricultural produce that can be stocked by a retail trader to ensure transparency and flexibility to meet the situation arising from time to time. therefore it is considered necessary to amend Act to provide for:-

(1) Fixing of maximum quantity of agricultural produce or goods to be stocked by retail traders in the State by State Government through notification from time to time.

(2) Fixing of such quantity for retail sale by the market committees within the prescribed maximum limit in their bye-laws which enables the consumers to purchase the commodities for domestic consumption and to restrict the same for subsequent sale or processing.

Further the system of levy of market fee on the sale of notified agricultural produce has been rationalized to provide for levy of market fee at single point once in any market committee on the first sale. The subsequent sales of the commodity in any other market area will be exempted from the levy of market fee. Further to this to give impetus to the Agro Processing Sector in the State which ensures value addition to the agricultural produce enabling the farmers to get a better price for their produce and to attract investments from private sector to the Agro Processing Sector which makes the agricultural marketing operations more effective. Therefore it is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation) Act to provide for:-



(1) Exemption from the levy of market fee on agricultural produce on which market fee has already been levied and collected in any market area within the State and such agricultural produce is processed and sold in any other market area within the State or exported outside the State.

Hence, the Bill.

(LA Bill No.8 of 2004)

(Entries 14 and 28 of List II of the Seventh Schedule to the Constitution of India)

## XXV

**Amending Act 23 of 2007.-** To implement the recommendations of Government of India in its Model Act, 2003, which aims at uniformity in development, reformation in regulation of marketing of agricultural produce, it is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 to provide for,-

- (1) the better regulation of marketing of agricultural produce and the establishment and administration of markets for agricultural produce in the State. It is felt necessary to incorporate the provisions to development of efficient marketing system, promotion of agricultural processing, agricultural exports and the establishment and proper administration of agricultural markets, to provide effective infrastructural facilities for marketing in addition to the regulation of marketing of agricultural produce;
- (2) the wider meaning to the definitions of 'agriculturist', 'buyer', 'marketing' and 'processing' in terms of Model Act;
- (3) setting up a "Revolving Fund" to implement the Floor Price Scheme to protect the interest of the farmers against distress sale;
- (4) exemption of market fee from new Agricultural Produce Process Industries in line with new Industrial Policy;
- (5) the establishment of private market yards, farmers consumer markets and to empower the Director/Commissioner of Agricultural Marketing to issue licenses and regulate the activities in such markets, so as to promote development of a competitive marketing infrastructure to enable the farmers to get a remunerative price;
- (6) contract Farming System for encouraging marketing of agricultural produce with a predetermined agreed price, to ensure constant supply of agricultural produce to agri-processing sector which helps the growers to get remunerative price by



way of value addition and also empower the Market Committees to regulate the activities of Contract Farming and Contract Farming Agreements;

- (7) Agricultural Produce Marketing Standards Bureau to take up quality certification and branding of commodities to encourage export oriented activities in the field of agricultural marketing;
- (8) settlement of disputes, to ensure prompt payment of sale proceeds to the seller etc;
- (9) disqualification of members of the Committee who do not attend three consecutive meetings;
- (10) enhance the penalty for non payment and delayed payments to the seller by the buyer or Commission Agent;
- (11) establishment of spot exchange to facilitate e-trading of notified agricultural produce;
- (12) payment to the sellers through the Market Committee in respect of such goods as may be notified;
- (13) Certain consequential amendments also.

Hence the Bill.

[L.A.Bill No.11 of 2007]

[Entry 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

## XXVI

**Amending Act 18 of 2010.-** It is considered necessary to amend the Karnataka Agriculture Produce Marketing (Regulation and Development) Act, 1966, to provide a provision,-

- (1) to include a person, who cannot pay his debts in respect of financial transactions pertaining to market functionaries in the Agricultural Produce Marketing Committee, in the definition of “insolvent”;
- (2) to fix the term of office of the Chairman and Vice-chairman for twenty months;
- (3) (i) to fix the minimum number of members to move motion of no-confidence;  
(ii) that no, no-confidence motion shall be moved within a period of six months from the date of assuming office of Chairman or the Vice-chairman; and  
(iii) that for adopting no-confidence motion, not less than two third majority of the total number of members of market committee, is necessary.
- (4) to empower the State Government to hear appeal against the orders passed by the Director.



Hence the Bill.

[L.A. Bill No. 44 of 2009, File No. DPAL 40 Shasana 2009]

[Entry 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

### XXVII

**Amending Act 18 of 2011.-** It is considered necessary to amend the Karnataka Agricultural Produce Marketing (Development and Regulation) Act, 1966, to provide a provision to exempt payment of market fee in respect of new Food Processing Industries in respect of purchases of agricultural produce by such processing industries and existing Industries who take up extension or modernization in accordance with the New Industrial Policies in force in the state.

Hence the Bill.

[L.C. Bill No.2 of 2011, File No.Samvyashae 43 Shasana 2010]

[Entries 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

### XXVIII

**Amending Act 38 of 2013.-** In Order to comply with the directions of the Hon'ble High Court of Karnataka in W.P. 34952/2011 and to give effect to the Integrated Agriculture Business Development Policy, 2011, of the Government it is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966).

Hence, the Bill.

[L.A. Bill No.6 of 2013, File No. Samvyashae 73 Shasana 2012]

[Entries 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

### XXIX

**Amending Act 05 of 2014.-** The Government considers it necessary to carry out certain reforms in the Agricultural Marketing sector, with a view to provide expanded market access to the farmers and provide for improved marketing processes for greater transparency and avoiding delay in payment to farmers.

In this direction it is necessary to carry out certain amendments to Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Hence, the Bill.

[L.A. Bill No. 11 of 2013, File No. Samvyashae 41 Shasana 2013]

[Entry 14 of List II of the Seventh Schedule to the Constitution of India.]

### XXX



**Amending Act 20 of 2014.-** To give effect to the announcement made in the budget speech it is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966).

Hence the Bill.

[L.A. Bill No. 37 of 2014, File No. Samvyashae 06 Shasana 2014]

[Entry 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

### XXXI

**Amending Act 20 of 2016.-** It is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) to provide for,-

1. increase in the representation of women in the Market Committee of APMC's from "one" to "three" to be nominated by the State Government and thereby giving effect to the proposals made in the Budget Speech of 2016-2017; and

2. investment of marketing fund in the Karnataka State Co-operative Apex Bank or in a Co-operative District central Bank on priority basis because these banks which inturn give loans to the farmers and hence the surplus available with the Agriculture Produce Marketing Committees if invested in aforesaid Banks will help the farmers cause.

It is also proposed to amend the Karnataka Agricultural Produce Marketing (Regulation) and Certain Other Laws (Amendment) Act, 1991 (Karnataka Act 16 of 1991), to omit section 41 since the said provision has not been brought into force and similar provision is now proposed to be substituted.

Hence the Bill.

[L.A. Bill No. 25 of 2016, File No. Samvyashae 31 Shasana 2016]

[entries 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

### XXXII

**Amending Act 51 of 2020.-** It is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966(Karnataka Act 27 of 1966)to,-

- (i) empower the Government to classify the retailers for the purpose of prescribing stock limits to be held by them and thereby comply with the



directions of the Hon'ble High Court of Karnataka in writ petition No.39880-39883/2014;

- (ii) give effect to the announcement made in the Karnataka Industrial Policy 2014-2019;
- (iii) remove the anomaly in granting APMC market fee waiver to Agro based industries as per industrial Policy 2009-14 and Integrated Agro Business Development Policy-2011 for the Agro based industries which have gone into production between dated:06.04.2011 and 16.03.2013;and
- (iv) give effect to the Karnataka Agri Business and Food Processing Policy-2015, dated:11.12.2015.

Hence the Bill.

[L.A. Bill No. 23 of 2020, File No. Samvyashae 14 Shasana 2020]

[Entries 28 of List II of the Seventh Schedule to the Constitution of India.]

[Published in Karnataka Gazette Extra-ordinary No. 616 in part-IVA dated: 01.12.2020]

### XXXIII

**Amending Act 59 of 2020.-** It is considered necessary further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966), to provide for,-

- (i) the Market Committee to regulate the marketing of notified agricultural produce only in the market yards, market sub-yards and sub-market yards.”;
- and
- (ii) certain consequential amendments connected therewith or incidental thereto.

As the matter was urgent and both the Houses of the Karnataka Legislature were not in session, the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Ordinance (Karnataka Ordinance No.8 of 2020) was promulgated to achieve the above object.

This Bill seeks to replace the above Ordinance.

Hence the Bill.

[L.A. Bill No. 55 of 2020, File No. Samvyashae 61 Shasana 2020]

[Entry 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

[Published in Karnataka Gazette Extra-ordinary No.724 in part-IVA dated: 31.12.2020]



### XXXIV

**Amendment Act 20 of 2024.-** By an ordinance, amendment to the section 8(2), section 8(3) and section 117 of the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 has been made, which is published on 16/05/2020. Subsequently, the said ordinance has been replaced by Karnataka Act No. 59 of 2020 and published in the Official Gazette on 31/12/2020.

The important features are :-

1. Consequent to the said amendment, the restriction for carrying buying and selling of notified agricultural produce in the market yards has been removed and the role of the APMCs has been restricted to the market yards only. The restriction under section 8(2) of the Act which prohibited the trade outside the market yards and for its violation, levy and conviction prescribed under section 117 has been omitted. Under section 8(3) of the Act, certain exemptions were given for the restrictions imposed under section 8(2) of the Act which is also omitted.
2. Government of India framed 03 Farm Laws through an Ordinance No:10 of 2020 and gave effect from 05/06/2020. Subsequently, the said ordinance was replaced by Act no.21/2020 and gave effect from 27/09/2020. In view of the farmers opposing the said farm laws, Government of India decided to withdraw the said Act and repealed the same by Act No.40/2021 with effect from 01/12/2021. The same has been published in the official Gazette of the Government of India.
3. Consequent to the amendment made by the State Government by Act No.59 of 2020, the following adverse effect is noticed, namely:-
  - (a) the farmers who trade in the market area other than the market yards will be prone to exploitation by the traders since there is no regulatory mechanism for controlling the same;
  - (b) in view of the trade in notified agricultural produce taking place outside the market yards, the revenue for the Government under different heads through taxes/cess will be affected as there is no substantiate documents available for cross verification;
  - (c) the whole sale trade in notified agricultural produce is being carried in the market yards through the on-line mode (Unified Market Platform). The farmers are benefited by way of competitive and fair price for their produce sold under the Unified Market Platform. As there is no on-line system for the trade taking place outside the market yards, the farmers will not get fair and competitive prices for their grown produce; 4
  - (d) farmers are not assured of a system wherein they will get fair value of the produce sold outside the market yards;
  - (e) in the market yards, there is system provided under the Act for settlement of disputes arising between the farmer and the market functionaries regarding weight, payment of the produce sold etc., But, the same dispute mechanism is not available for the transactions taking place outside the market yards by the farmers;
  - (f) as the farmers are not aware of the prices prevailing in different markets in the State for the agricultural produce and the arrivals, the farmers will not be able to make a good decision on the price to be charged for their produce and hence they are denied in getting a competitive price;
  - (g) the market yards in the State are developed by the grants from Government of India, State Government and the funds of the market committees. The



- infrastructural facilities so far created will not be put to use fully and hence the said facilities will be wasted in due course;
- (h) approximately, one lakh people are functioning in the market yards by obtaining license from the market committees and discharging the activities related to trading namely; hamals, weighmen, cartmen, assistants working in trader, commission agents and stockiest shops. They will not get the employment throughout the year and their livelihood is in peril;
  - (i) the APMCs are contributing to the Revolving Fund setup by the Government for implementation of Minimum Support Price Scheme. When the prices of the agricultural produce comes below the minimum support prices declared by the Government of India, the Revolving Fund will be operated. Prior to the Act amendment, the APMCs were contributing approximately Rs. 125 crores to the Revolving Fund annually and in view of the amendment, the restriction of APMCs role is restricted to the market yards, it affected the income of the APMCs and hence the contribution to the Revolving Fund has come down to 50% i.e, Rs. 60 crores;
  - (j) the details of the marketing operations carried out in the market yards will provide information on the prices prevailing in the market yards and the arrivals of commodities which is helpful in framing the policy and programmes by the Government. Since the details of the trading activity taking place outside the market 5 yards are not available, the policy and programmes to be framed by the Government will be affected substantially for lack of credible data;
  - (k) the expectations of the State Government by bringing in the earlier amendment which allowed the trading outside the market yards, it is noticed that the farmers produce price and income has not increased; and
  - (l) the market fee levied and collected by the APMCs in the State is utilized for providing infrastructural facilities in the market yards and maintenance of the APMCs. In view of the trade taking place outside the market yards, the APMCs have no control and cannot levy and collect market fee has affected their income considerably. Nearly, 50% of the income has come down which has affected the maintenance of market yards and other its obligations;
4. At present, the State Government is of the view, that the intention of amending the section 8(2), section 8(3) and section 117 of the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 by Amendment Act No.59/2020, it is proposed for restoration of the earlier provision existed under the Act which will enable the APMCs to have control over the trading of notified agricultural produce in the market yards and also the market area which is of importance in protecting the interest of the growers of agricultural produce. Hence, amendment to section 8(2), section 8(3) and section 117 of the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 is proposed.
5. Further, section 72(4) of the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 was amended by Act No.05/2014 and given effect from 04/01/2014. The Director of Agricultural Marketing or the officers authorized by him are empowered for grant of trader license under the said amendment. under section 8 of the Act, provides for the control of marketing of notified agricultural produce and under sub-sec(b) of section 8(1) of the Act, it is specified that notified agricultural produce shall be traded under the terms and conditions of the license granted. In view of this, it is legally required that the Director of Agricultural Marketing or the officers authorized by him shall be given powers under section 8 (1)(b) of the Act for giving effectively the amendments made under section 72 (4) of the Act earlier.



Hence, the Bill.

[L.A. Bill No.04 of 2023, File No. SAMVYASHAE 11 SHASANA 2023]

[Entries 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

[Published in Karnataka Gazette Extra-ordinary No.170 in part-IVA dated:07.03.2024]

### XXXV

**Amendment Act 21 of 2024:-** It is consider necessary further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) to establish Market Development Assistance Fund for the purpose of development of market yards of financially weak Agriculture Produce Market Committees and certain other amendments are made incidental thereto.

Hence, the Bill.

[L.A. Bill No.17 of 2024, File No. SAMVYASHAE 17 SHASANA 2024]

[Entries 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

[Published in Karnataka Gazette Extra-ordinary No.171 in part-IVA dated:07.03.2024]

### XXXVI

**Amendment Act 19 of 2025:-** It is considered necessary to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966), to,-

- (1) define the words 'E-commerce platform' and 'warehouse service provider';
- (2) extend the jurisdiction of the Market Committee to the Market Area such as sub-market yard or market-sub-yard;
- (3) fix the responsibility of warehouse service provider;
- (4) establish E-commerce platform and certain other consequential amendments are also made.

Hence, the Bill

[L.A. Bill No. 01 of 2025, File No. SAMVYASHAE 04 SHASANA 2025]

[Entries 14 and 28 of List II of the Seventh Schedule to the Constitution of India.]

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**<sup>1</sup>[KARNATAKA]<sup>1</sup> ACT NO. 27 OF 1966**

*(First published in the <sup>1</sup>[Karnataka Gazette]<sup>1</sup> on the Fifteenth day of  
September 1966)*

**THE <sup>1</sup>[KARNATAKA]<sup>1</sup> AGRICULTURAL PRODUCE MARKETING <sup>2</sup>[(REGULATION AND  
DEVELOPMENT)]<sup>2</sup> ACT, 1966**

*(Received the assent of the President on the Nineteenth day  
of August , 1966)*

(As amended by 19 of 1969, 3 of 1970, 20 of 1973, 24 of 1975, 14 of 1976, 43 of 1976, 47 of 1976, 17 of 1980, 4 of 1982, 2 of 1984, 35 of 1986, 29 of 1987, 6 of 1988, 14 of 1990, 16 of 1991, 16 of 1998, 17 of 1998, 22 of 2000, 31 of 2000, 8 of 2001, 10 of 2001, 13 of 2002, 22 of 2004, 23 of 2007, 18 of 2010, 18 of 2011, 38 of 2013, 5 of 2014, 20 of 2014, 20 of 2016, 51 of 2020, 59 of 2020, 20 of 2024, 21 of 2024 and 19 of 2025)

<sup>2</sup>[An Act to provide for improved regulation in the marketing of agricultural produce, development of efficient marketing system, promotion of agri-processing, agricultural export and the establishment and proper administration of markets for agricultural produce and for this purpose to put in place an effective infrastructure for marketing of agricultural produce and to lay down procedures and systems thereto in the state of Karnataka;

Whereas it is expedient to provide for improved regulation in the marketing of agricultural produce, development of efficient marketing system, promotion of agri-processing, agricultural export and the establishment and proper administration of markets for agricultural produce and for this purpose to put in place an effective infrastructure for marketing of agricultural produce and to lay down procedures and systems thereto in the state of Karnataka;]<sup>2</sup>

BE it enacted by the <sup>1</sup>[Karnataka]<sup>1</sup> State Legislature in the seventeenth year of Republic of India as follows:-

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.
2. Substituted by Act 23 of 2007 w.e.f. 16.08.2007.

**CHAPTER I**

**PRELIMINARY**

**1. Short title, extent and commencement.-** (1) This Act may be called the <sup>2</sup>[Karnataka]<sup>2</sup> Agricultural Produce Marketing <sup>3</sup>[(Regulation and development)]<sup>3</sup> Act, 1966.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.
2. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.
3. Substituted by Act 23 of 2007 w.e.f. 16.08.2007.



(2) It extends to the whole of the <sup>1</sup>[State of Karnataka.]<sup>1</sup>

(3) It shall come into force on such <sup>1</sup>[date]<sup>1</sup> as the State Government may, by notification, appoint.

1. Act came into force on 01.05.1968 by notification. The text of the notification is at the end of the Act

**2. Definitions:-** In this Act, unless the context otherwise requires,-

<sup>1</sup>[(1)“Agricultural produce” means the produce or goods specified in the Schedule]<sup>1</sup>

1. Substituted by Act 17 of 1980 w.e.f. 30.6.1979

<sup>1</sup>[(2)“agriculturist” means a person cultivating any agricultural land who is an occupant of such land, or a tenant of an occupant:

**Explanation.-** For purposes of this clause, the expressions 'occupant' and 'tenant' shall have the meaning assigned to them in the <sup>2</sup>[Karnataka]<sup>2</sup> Land Revenue Act, 1964. (<sup>2</sup>[Karnataka]<sup>2</sup> Act 12 of 1964);]<sup>1</sup>

1. Substituted by Act 3 of 1970 w.e.f. 17.10.1969

2. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.

<sup>1</sup>[(2A) "Agricultural Co-operative Processing Society" means an agricultural Co-operative Processing Society registered or deemed to have been registered under the Karnataka Co-operative Societies Act, 1959 for the purpose of processing of agricultural produce in a market area;]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991 by notification .

<sup>1</sup>[(2B) "Backward Classes" means such class or classes of citizens as may be classified as category 'A' and 'B' and notified by the State Government from time to time for the purpose of reservation of seats in the market committee."]<sup>1</sup>

1. Inserted by Act 13 of 2002 w.e.f. 11.4.2002

(3) “Board” means the <sup>1</sup>[Karnataka State Agricultural Marketing Board]<sup>1</sup> established under this Act;

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.

(4) “broker” means an agent who in consideration of a commission, fee or reward, merely negotiates and brings about a contract for the purchase or sale of notified agricultural produce on behalf of his principal, but does not receive, deliver, transport, pay for the purchase of, or collect the payment for the sale of, the notified agricultural produce;

<sup>1</sup>[(5) "Buyer" or "Purchaser" means a person, who himself or on behalf of any other person or agent buys or agrees to buy notified agricultural produce in the market area.]<sup>1</sup>

1. Substituted by Act 23 of 2007 w.e.f. 16.08.2007.

(6) “bye-laws” means bye-laws made under this Act;

<sup>1</sup>[(6A) "cattle " includes buffalo, bullock, cow, <sup>2</sup>[ox, goat, sheep and their young]<sup>2</sup>];]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f. 17.6 .1986

2. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(7) x x x]<sup>1</sup>



1. Omitted by Act 35 of 1986 w.e.f. 17.6.1986

<sup>1</sup>[(8) "commission agent" means a person who in the ordinary course of business makes or offers to make a purchase or sale of agricultural produce on behalf of the owner or seller or purchaser or such agricultural produce for commission;]<sup>1</sup>

1. Substituted by Act 35 of 1986 w.e.f. 17. 6.1986

(9) "commodity" means any kind of agricultural produce meant for sale;

<sup>1</sup>[(9-A) "Contract farming" means farming by an individual agriculturist or association of agriculturists by whatever name called as 'Contract farming Producer' in a written contract farming agreement with another person called 'Contract farming Sponsor' to the effect that his farm produce shall be purchased by such contract farming sponsor as may be specified in the agreement.

(9-B) "Contract farming Agreement" means the agreement made for Contract farming between a Contract farming producer and contract farming sponsor as may be specified in the agreement.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f. 16.08.2007.

<sup>2</sup>[(10) "Co-operative Marketing Society" means a Co-operative Marketing Society registered or deemed to have been registered under the Karnataka Co-operative Societies Act, 1959 for the purpose of marketing of agricultural produce in a market area;]<sup>1</sup><sup>2</sup>

1. Omitted by Act 35 of 1986 w.e.f. 17.06.1986.

2. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

(11) "delivery" means voluntary transfer of possession from one person to another;

(12) "Deputy Commissioner" includes any officer subordinate to the Deputy Commissioner not below the rank of a Tahsildar authorised by the State Government by notification to exercise the powers and perform the functions of the Deputy Commissioner under this Act in respect of any market area within the territorial jurisdiction of such officer;

<sup>1</sup>[(12A) "Director of Agricultural Marketing" means the officer appointed by the State Government as such and includes <sup>2</sup>[the Commissioner of Agricultural Marketing or]<sup>2</sup> any other officer or officers empowered by the State Government, by notification to exercise or perform such of the powers or functions of the Director of Agricultural Marketing under the provisions of this Act or the rules as may be specified in such notification;]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f. 17.6.1986

2. Inserted by Act 23 of 2007 w.e.f. 16.08.2007

(13) "exporter" means a person other than a producer who exports goods or causes goods to be exported on one's own account or as agent of another person, from the market area outside such area for the purpose of selling, processing, manufacturing or for any other purpose except for the purpose of one's own domestic consumption, but shall not include a public carrier; <sup>1</sup>[x x x]<sup>1</sup>;



1. Omitted by Act 35 of 1986 w.e.f. 17.6.1986

<sup>1</sup>[(13-A) “E-commerce platform” means an online platform for facilitating licensed traders under the Act to sell market fee suffered notified agricultural produce to the licensed retail traders in the market area for sale to consumers for domestic consumption and not for subsequent sale or processing and shall also mean an online platform for farmers to pay by using e-payment method.]<sup>1</sup>

1. Inserted by Act 19 of 2025 w.e.f. 25.03.2025

(14) “goods” means any kind of notified agricultural produce;

<sup>1</sup>[(14A) “Government” means the State Government.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f.16.08.2007

<sup>2</sup>[(14B)]<sup>2</sup> "importer" means a person who imports or causes goods to be imported on his own account or as an agent for another person from outside the market area into a market area for the purpose of selling, processing, manufacturing or for any other purpose except for one's own domestic consumption, but shall not include a public carrier;]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f. 17.6.1986

2. Renumbered by Act 23 of 2007 w.e.f.16.08.2007

(15) “insolvent” means a person who ceases to pay his debts in the ordinary course of business or <sup>1</sup>[cannot pay his debts in respect of financial transactions pertaining to market functionaries in the Agricultural Produce Marketing Committee]<sup>1</sup> as they become due, whether he has committed an act of insolvency or not;

1. Substituted by Act 18 of 2010 w.e.f.16.04.2010.

<sup>1</sup>[(16) x x x]<sup>1</sup>;

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(17) x x x]<sup>1</sup>

1. Omitted by Act 17 of 1980 w.e.f. 3.11.1979

(18) “market” means any notified area declared <sup>1</sup>[or deemed to be declared]<sup>1</sup> to be a market under <sup>2</sup>[this Act]<sup>2</sup>;

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968

2. Substituted by Act 19 of 1969 w.e.f. 1.5.1968

<sup>1</sup>[(18-A) "Marketing" means buying selling importing, exporting, grading, processing, storage, transport, branding, packaging, market information and channels of distribution and includes all activities involved in the production of notified agricultural produce commencing from the stage of harvest till such notified agricultural produce reach the consumers ultimately.]<sup>1</sup>

1. Substituted by Act 23 of 2007 w.e.f. 16.8.2007.

(19) “Market area” means any area declared to be a market area under section 4;



<sup>1</sup>[(19A) "market charges" means all charges in connection with the handling of agricultural produce such as the commission of commission agents, brokerage, remuneration for weighment, loading, unloading, cleaning, sorting, counting, sieving and dressing of agricultural produce;]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f. 17.6.1986

(20) "Market committee" or "committee" means a market committee constituted for a market area under this Act;

(21) "market functionary" or "functionary" includes a broker, a commission agent, an exporter, a ginner, an importer, a presser, a processor, a stockiest, a trader,<sup>1</sup>[warehouse service provider]<sup>1</sup> and such other person as may be declared under the rules or the bye-laws to be a market functionary;

1. Inserted by Act 19 of 2025 w.e.f. 25.03.2025

(22) "market sub-yard" means a specified place declared <sup>1</sup>[or deemed to be declared]<sup>1</sup> to be a market yard under <sup>2</sup>[this Act]<sup>2</sup>;

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968

2. Substituted by Act 19 of 1969 w.e.f. 1.5.1968

(23) "market yard" means a specified place declared <sup>1</sup>[or deemed to be declared]<sup>1</sup> to be a market yard under <sup>2</sup>[this Act]<sup>2</sup>;

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968

2. Substituted by Act 19 of 1969 w.e.f. 1.5.1968

(24) "market year" means the year commencing on the first day of <sup>1</sup>[April]<sup>1</sup>;

1. Substituted by Act 16 of 1991 w.e.f. 1.4.1992

(25) "member" means a member of a market committee;

(26) "misconduct" in relation to a market functionary shall include any conduct of such functionary which is contrary to any of the provisions of this Act, the rules, the bye-laws or standing orders or is inconsistent with the objects and purposes of this Act;

(27) "notification" means a notification published in the official Gazette;

(28) notified agricultural produce" means any agricultural produce which the State Government has by notification issued under sections 4 and 5 declared as an agricultural produce the marketing of which shall be regulated in the market area;

(29) "over-trading" in relation to a trader means,-

(i) buying goods on credit to an extent that the aggregate amount payable to the commission agents <sup>1</sup>[or sellers]<sup>1</sup> in the market area at any time exceeds the limit up to which he is permitted to remain indebted to the commission agent <sup>1</sup>[or sellers]<sup>1</sup> according to the bye-laws with regard to the amount of security he has deposited with or the bank guarantee he has furnished to the market committee;

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991



(ii) trading in such a manner as not to be able to pay the amounts due or deliver the goods to the persons entitled to them in respect of the agricultural produce, on the due dates;

(30) “person” includes a firm and <sup>1</sup>[a Joint Hindu Family, a company or firm or association or a body of individuals, whether incorporated or not]<sup>1</sup>;

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

(31) “prescribed” means prescribed by rules made under this Act:

<sup>1</sup>[(31-A) “Private Market Yard” means such place other than the market yard, market sub yard and sub market yard in the market area where infrastructure has been developed, managed and controlled by a person for marketing of notified agricultural produce holding a license for this purpose under this Act ]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f. 16.8.2007.

(32) “process” means any one of a series of treatments to which raw agricultural produce is subjected to make it fit for <sup>1</sup>[use or consumption]<sup>1</sup>;

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

(33) “processor” means a person who processes notified agricultural produce by mechanical means;

<sup>1</sup>[(33-A) "Processing" means any one or more of a series of treatments relating to powdering, crushing, paste making, decorticating, cleaning, ripening dehusking, parboiling, polishing, ginning, pressing, curing or any other manual, mechanical, chemical or physical treatment to which raw notified agricultural produce or its product is subject to make it fit for use or consumption.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f. 16.8.2007

(34) “producer” means who produces notified agricultural produce on one’s own account,-

- (i) by one’s own labour, or
- (ii) by the labour of any member of one’s family, or
- (iii) under the personal supervision of oneself or any member of one’s family by hired labour or by servants on wages payable in cash or kind but not in share of the produce;

**Explanation:** - For the purposes of this clause, a producers’ society shall be deemed to be a producer;

<sup>1</sup>[(35 x x x)]<sup>1</sup>

1. Omitted by Act 35 of 1986 w.e.f. 17.6.1986

(36) “ Registrar of Co-operative Societies” includes any officer subordinate to the Registrar of Co-operative Societies in <sup>1</sup>[Karnataka]<sup>1</sup> authorised by him;



1. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973

<sup>1</sup>[(36-A) "Registration" means registration made under this Act.

(36-B)"Revolving Fund" means the Revolving Fund established under section 64B for the purpose of implementation of Floor Price Scheme.]<sup>1</sup>

1. Sub-sections (36A) and( 36B)inserted by Act 23 of 2007 w.e.f. 16.8.2007

<sup>1</sup>[(37) 'Retail Sale' means a sale of such quantity of notified agricultural produce as the market committee may by bye-laws determine subject to the prescribed maximum limit on which the market fee has already been levied and collected in the concerned market area, to a consumer for domestic consumption and not for subsequent sale or processing,"

<sup>2</sup>[(37A) 'Retail Trader' means a person who is engaged in retail sale of any notified agricultural produce on which market fee has already been levied and collected in the concerned market area and holds in stock at a time not exceeding such quantity of notified agricultural produce <sup>3</sup>[and classify the retail trader for the purpose,]<sup>3</sup> as the State Government may by notification specify from time to time.]<sup>1</sup><sup>2</sup>

(37B) "rural shandy" means a place where retail sale of notified agricultural produce takes place, and where no market functionary operates in accordance with the provisions of this Act, the rules, the bye-laws and standing orders of the Market Committee;]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991.

2. Substituted by Act 22 of 2004 w.e.f. 17.5.2004.

3. Inserted by Act 19 of 2025 w.e.f. 25.03.2025

(38) "rules" means rules made under this Act;

<sup>1</sup>[(38A) "Schedule " means the Schedule to this Act;]<sup>1</sup>

1. Inserted by Act 17 of 1980 w.e.f. 30.6.1979

<sup>1</sup>[(38B) "Scheduled Castes and Scheduled Tribes" means the Scheduled Castes and Scheduled Tribes specified in respect of Karnataka in the Constitution (Scheduled Castes) Order, 1950 and the Constitution (Scheduled Tribes) Order, 1950 for the time being in force." ]<sup>1</sup>

1. Inserted by Act 13 of 2002 w.e.f. 11.4.2002

<sup>1</sup>[(39) "Secretary" means the Secretary of the Market Committee and includes, Additional Secretary or Assistant Secretary of the market committee and any other officer who is authorised by the Director of Agricultural Marketing to exercise the powers and perform the functions of the Secretary;]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

(40) "seller" means a person who sells or agrees to sell goods;

(41) "solvent" means a person who is not an insolvent;



(42) “standing order” means a standing order made under section 151;

(43) “stockiest” means a person other than licensed commission agent who stocks the goods belonging to other persons, and includes a warehouseman;

(44) “sub-committee” means a sub-committee of a market committee;

(45) “sub-market” means a specified area declared <sup>1</sup>[or deemed to be declared]<sup>1</sup> to be a sub-market under <sup>2</sup>[this Act]<sup>2</sup>;

(46) “sub-market yard” means a specified place declared <sup>1</sup>[or deemed to be declared]<sup>1</sup> to be a sub-market yard under <sup>2</sup>[this Act]<sup>2</sup>;

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968

2. Substituted by Act 19 of 1969 w.e.f. 1.5.1968

<sup>1</sup>[(46A) “Spot Exchange” means an exchange for trading of notified agricultural produce through electronic media licenced under section 131D.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f. 16.8.2004

<sup>1</sup>[(47) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

(48) “trader” means a person who buys notified agricultural produce either for himself or as an agent of one or more persons for the purpose of selling, processing, manufacturing or for any other purpose, except for the purpose of domestic consumption;

(49) “vehicle” includes a boat or other vessel or a conveyance of any kind;

(50) “warehouse” means any building, structure or other protected enclosure which is or may be used for the purpose of storing agricultural produce being goods on behalf of the depositors but does not include cloak rooms attached to hotels, railways stations, the premises of other public carriers and like;

<sup>1</sup>[(50-A)“Warehouse service provider” means a person, firm, company who makes or provides services for buying and selling of notified agricultural produce in a notified warehouse and collects service charges for the same.]<sup>1</sup>

1. Inserted by Act 19 of 2025 w.e.f. 25.03.2025

(51) “weighment” includes counting or measurement;

(52) “yard” includes the market yard, the market sub-yard and the sub-market yard.

## CHAPTER II

### ESTABLISHMENT OF MARKETS

**3. Notification of intention of regulating the marketing of specified agricultural produce in specified area.-** (1) The State Government may, by notification, declare its intention of regulating the marketing of such agricultural produce, in such area, as may be



specified in the notification. The notification may also be published in Kannada in a newspaper circulating in such area.

(2) The notification shall state that any objections or suggestions which may be received by the State Government within such period as shall be specified in the notification, not being less than thirty days, will be considered by the State Government.

**4. Declaration of market area and of regulation of marketing of specified agricultural produce therein.-** After the expiry of the period specified in the notification issued under section 3, and after considering such objections and suggestions as may be received before such expiry, the State Government may, by another notification, declare the area specified in the notification issued under section 3 or any portion thereof to be a market area and that the marketing of all or any of the kinds of agricultural produce specified in the notification issued under section 3 shall be regulated under this Act in such market area. A notification under this section may also be published in Kannada in a newspaper circulating in such area.

<sup>1</sup>[Provided that a market area shall not be less than a taluk and more than a district:

Provided further that if on the date of commencement of the Karnataka Agricultural Produce Marketing (Regulation) and Certain Other Laws (Amendment) Act, 1991, any market area is more than a district or less than a taluk such market area shall be altered or market committees of such market area shall be amalgamated so that the market area shall not be more than a district or less than a taluk and the provisions of sections 5, 142 and 144 shall, *mutatis mutandis* apply for such alteration of limits and amalgamation.]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

**5. Alteration of market area and of items of regulated agricultural produce.-** Subject to the procedure specified in sections 3 and 4, the State Government may, at any time by notification, exclude from any market area, any area or include therein an additional area, or may declare that the regulation of the marketing of any agricultural produce in any market area shall cease, or that the marketing of any agricultural produce (hitherto not regulated) shall be regulated in such market area.

**6. Markets, market yards, market sub-yards, sub-markets and sub-market yards.-**  
(1) (a) For every market area,-

- (i) there shall be a market, and
- (ii) there may be one or more sub-markets;

(b) For every market,-

- (i) there shall be a market yard, and
- (ii) there may be one or more market sub-yards;



(c) For every sub-market there shall be <sup>1</sup>[one or more sub-market yards.]<sup>1</sup>

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

<sup>1</sup>[(1A) in any market area, there may be one or more private market yard or farmer - consumer market yard managed by a person who is a private market licensee or farmer - consumer market licensee other than the market committee.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f. 16.8.2007

(2) (a) The <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> shall, as soon as possible after the issue of a notification under section 4, by a notification, declare any specified area in the market area to be a market. He may also by the same notification or by any subsequent notification declare any other specified area <sup>2</sup>[including a warehouse]<sup>2</sup> in the market area to be a sub-market.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

2. Inserted by Act 05 of 2014 w.e.f. 04.01.2014

(b) The <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> shall by a notification under clause (a) also declare a specified place <sup>2</sup>[x x x]<sup>2</sup> in the market to be a market yard for the regulated marketing of the notified agricultural produce specified in the notification. He may also by the same notification or by any subsequent notification or notifications declare <sup>3</sup>[any other specified place or places]<sup>3</sup>, as the case may be, <sup>2</sup>[x x x]<sup>2</sup>, in the market to be a market sub-yard or sub-yards for the regulated marketing of the notified agricultural produce specified in the notification.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

2. Omitted by Act 19 of 1969 w.e.f. 1.5.1968

3. Substituted by Act 19 of 1969 w.e.f. 1.5.1968

(c) Where by a notification under clause (a) any specified area is declared to be a sub-market, the <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup> shall by the same notification declare a specified place <sup>1</sup>[x x x]<sup>1</sup> in the sub-market to be a sub-market yard for the regulated marketing of the notified agricultural produce specified in the notification:

<sup>4</sup>[(d) The Director of agricultural marketing may, by notification, declare a place, licenced under section 72C, in the market area to be a private market yard or farmer - consumer market yard as the case may be, as may be specified in the notification, for marketing of notified agricultural produce.]<sup>4</sup>

Provided that the limits of the market or the sub-market, as the case may be, shall not include any area beyond the limits of the area of the city, town or village within which the market yard or the sub-market yard, as the case may be, is situated:

<sup>2</sup>[Provided further that if in respect of any market area, the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> is of the opinion that a suitable place for the location of the market yard or sub-



market yard cannot be easily secured within the limits of the area of a city, town or village, proposed to be declared as a market or sub-market, he may declare an area including one or more villages, beyond the limits of a city, town or village to be a market or sub-market and declare a place in any such village to be a market yard or sub-market yard for such market or sub-market.]<sup>2</sup>

<sup>5</sup>[<sup>6</sup>Provided also that, the Director of Agricultural Marketing may declare a warehouse, silos, cold storage, pack houses, cleaning, grading and packaging unit as sub-market, market sub-yard or sub-market yard as the case may be in such manner as may be prescribed.]<sup>6</sup><sup>5</sup>

<sup>7</sup>[Provided also that, all processing units licensed by the market committee which is outside the market yards and within the market area, shall be deemed as sub-market, market sub-yard or sub-market yard as the case may be for the purpose of regulation.]<sup>7</sup>

1. Omitted by Act 19 of 1969 w.e.f. 1.5.1968.
2. Inserted by Act 19 of 1969 w.e.f. 1.5.1968.
3. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.
4. Inserted by Act 23 of 2007 w.e.f. 16.8.2007.
5. Inserted by Act 05 of 2014 w.e.f. 4.1.2014.
6. Substituted by Act 19 of 2025 w.e.f. 25.03.2025
7. Inserted by Act 19 of 2025 w.e.f. 25.03.2025

<sup>1</sup>[(2A) In respect of any market area declared under any of the enactments repealed by sub-section (1) of section 154, the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> may, as soon as possible after the commencement of this Act, and subject to the provisos to sub-section (2), declare by notification, any specified area in such market area to be a market, any other specified area in the market area to be a sub-market, a specified place in the market to be a market yard, any other place or places to be market sub-yard or market sub-yards, and a specified place in the sub-market to be a sub-market yard.]<sup>1</sup>

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

(3) Subject to the procedure prescribed in sections 3 and 4, the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> may at any time by a notification <sup>1</sup>[alter any market or sub-market or any market yard, market sub-yard or sub-market yard or]<sup>1</sup> exclude any area from any market or sub-market or any place from any market yard, market sub-yard or sub-market yard, or include therein, subject to the <sup>3</sup>[provisos]<sup>3</sup> to sub-section (2), an additional area or place, as the case may be, or may direct that the regulated marketing of any notified agricultural produce in any market yard, or market sub-yard, or sub-market yard shall cease or that any notified agricultural produce shall be included in the regulation of marketing in any such yard or sub-yard.



<sup>1</sup>[**Explanation.-** In this section, the expression "place" shall include any structure, enclosure, open place, locality or street, whether vested in the market committee of the market area or not.]<sup>1</sup>

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986
3. Substituted by Act 19 of 1969 w.e.f. 1.5.1968

<sup>1</sup>[(4) For the removal of doubts it is hereby declared that after the alteration of a market area or of the items of regulated agricultural produce, if any, under section 5, it shall not be necessary for the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> to make any declaration under this section unless he is of the opinion that it is necessary to declare any area other than the existing market, sub-market, market yard, market sub-yard, or sub-market yard as market, sub-market, market-yard, market sub- yard or sub-market yard, as the case may be.]<sup>1</sup>

1. Inserted by Act 4 of 1982 w.e.f. 1.5.1968
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**7. Establishment of markets.-**As soon as may be after the issue of the notification under sub-section (2) of section 6 and the making of the first bye-laws under section 149, the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> shall, after satisfying himself that the market committee has made arrangements for regulating the marketing of notified agricultural produce in the market area by a notification, declare a date not less than thirty days from the date of issue of the notification as the date on which the market and the sub-markets, if any, shall be established. For all purposes of this Act, the market and the sub-markets, if any, shall be deemed to have been established for the market area with effect from the date so notified:

<sup>1</sup>[Provided that in the case of a market or sub-market notified under sub-section (2A) of section 6, the market or sub-market shall be deemed to be established on the date of the notification of the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup>.]<sup>2</sup>

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968.
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.

**8. Control of marketing of agricultural produce.-** (1) After <sup>1</sup>[the market is established]<sup>1</sup>,-

(a) no local authority shall, notwithstanding anything contained in any law for the time being in force establish, authorise or continue or allow to be established, authorised or continued any place in the market area for the marketing of any notified agricultural produce:

Provided that a local authority may establish or continue any place for retail sale of any notified agricultural produce <sup>2</sup>[other than cattle, sheep and goats]<sup>2</sup> subject to the condition that no market functionary shall operate in such place except in accordance with the



provisions of this Act, and the rules and the bye laws and standing orders of the market committee;

1. Substituted by Act 19 of 1969 w.e.f. 17.6.1986
2. Inserted by Act 17 of 1980 w.e.f. 30.6.1979

(b) no person shall, without, or otherwise than in conformity with the terms and conditions of, a licence granted by the market committee <sup>2</sup>[or the Director of Agricultural Marketing or the officer authorized by him]<sup>2</sup> in this behalf,-

- (i) use any place in the market area for the marketing of the notified agricultural produce, or
- (ii) operate in the market area or in any market therein as a trader, commission agent, broker, processor, weighman, warehouseman, or in any other capacity in relation to the marketing of the notified agricultural produce:

Provided that nothing contained in clause (b) shall apply,-

- (i) to the sale of such agricultural produce if the producer of such produce is himself its seller, or
- <sup>1</sup>[(ii) to the purchase of such produce if the purchaser is a person who purchases such produce for his domestic consumption;]<sup>1</sup>:-

1. Substituted by Act 43 of 1976 w.e.f. 1.6.1976
2. Inserted by Act 20 of 2024 w.e.f. 7.3.2024

<sup>4</sup>[<sup>3</sup>[<sup>2</sup>[<sup>1</sup>[(2) No place except the market yard, market sub-yard, sub-market yard, private market yard or farmer-consumer market yard, as the case may be, shall be used for purchase or sale of notified agricultural produce.]]<sup>2</sup>]<sup>3</sup>]<sup>4</sup>

1. Substituted by Act 29 of 1987 w.e.f. 10.8.1987
2. Substituted by Act 23 of 2007 w.e.f. 16.8.2007
3. Substituted by Act 59 of 2020 w.e.f. 16.05.2020
4. Substituted by Act 20 of 2024 w.e.f. 7.3.2024

<sup>3</sup>[<sup>2</sup>[<sup>1</sup>[(3) Nothing in sub-section(2) shall apply to,-

(a) the purchase or sale of notified agricultural produce by,-

- (i) a Taluk Agricultural produce Co-operative Marketing Society;
- (ii) a Primary Agricultural Co-operative Credit Society; and
- (iii) any other Co-operative Society permitted by the State Government.

(b) the sale of notified agricultural produce by a retail trader.



(c) a sale by a contract farming producer to a contract farming sponsor under contract farming agreement.

(d) a direct purchase of notified agricultural produce by a licensee from the agriculturist under section 72-A of the Act. ]<sup>1</sup>]<sup>2</sup>]<sup>3</sup>

1. Inserted by Act 20 of 2024 w.e.f 7.3.2024
2. Substituted by Act 29 of 1987 w.e.f. 10.8.1987
3. Omitted by Act 59 of 2020 w.e.f. 16.05.2020

### CHAPTER III

#### CONSTITUTION OF MARKET COMMITTEE

**9. Establishment of Market Committee and its incorporation.-** (1) Save as provided in Chapter IX, for every market area, there shall be a market committee having jurisdiction over the entire market area.

(2) Every market committee established under this Act shall be a body corporate by such name as the State Government may by notification specify. It shall have perpetual succession and a common seal and may sue and be sued in its corporate name and shall, subject to such restrictions as are imposed by or under this Act, be competent to contract and to acquire, hold, lease, sell or otherwise transfer any property and to do all other things necessary for the purpose for which it is established:

Provided that no immoveable property shall be acquired or transferred without the permission of the <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup>:

<sup>2</sup>[Provided further that the <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup> may, for reasons to be recorded in writing, revoke such permission before the completion of the acquisition or the execution of the deed of transfer as the case may be.]<sup>2</sup>

<sup>4</sup>[Provided also that Market Committee may, with the prior approval of the Director of Agricultural Marketing and after obtaining valuation certificate from the Deputy Commissioner, enter into agreement with the owner of any land or building and purchase such land or building.]<sup>4</sup>

<sup>1</sup>[(3) Notwithstanding anything contained in any law for the time being in force every market committee shall for all purposes be deemed to be a local authority.]<sup>1</sup>

1. Substituted by Act 17 of 1980 w.e.f. 30.6.1979.
2. Inserted by Act 4 of 1982 w.e.f. 1.5.1968.
3. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.
4. Inserted by Act 16 of 1991 w.e.f. 1.8.1991.

**\*10. Constitution of the first market committee.-** (1) Notwithstanding anything contained in section 11, <sup>1</sup>[the first market committee constituted for a market area declared



after the commencement of this Act under section 4]<sup>1</sup> shall consist of the following members nominated by notification by the State Government:-

(i) <sup>5</sup>[<sup>3</sup>[<sup>2</sup>[fourteen agriculturists of whom three shall be women]<sup>5</sup>and <sup>4</sup>[one person]<sup>3</sup> belonging to the Scheduled Castes, one person belonging to the Scheduled Tribes]<sup>2</sup>, one person falling under category 'A' and one person falling under category 'B']<sup>4</sup> residing in the market area, not disqualified under sub-clause (a) of clause (1) or clause (2) of section 16;

1. Substituted by Act 19 of 1969 w.e.f. 1.5.1968
2. Substituted by Act 17 of 1980 w.e.f. 30.6.1979
3. Substituted by Act 16 of 1991 w.e.f. 1.8.1991
4. Substituted by Act 13 of 2002 w.e.f. 11.4.2002
5. Substituted by Act 20 of 2016 w.e.f. 27.07.2016.

(ii) <sup>1</sup>[one trader]<sup>1</sup> <sup>2</sup>[other than a retail trader]<sup>2</sup> residing in the market area not disqualified under clause (2) of section 16:

1. Substituted by Act 17 of 1980 w.e.f. 30.6.1979
2. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(iii) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(iv) one shall be a member of the committee of management of a Co-operative Marketing Society carrying on business in notified agricultural produce within the market area, who is not disqualified under section 16;]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(v) one shall be a member of the committee of management of a an Agricultural Co-operative Processing Society carrying on business in notified agricultural produce within the market area, who is not disqualified under section 16;]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(vi), (vii) x x x]<sup>1</sup>

1. Omitted by Act 17 of 1980 w.e.f. 3.11.1979

<sup>1</sup>[(viii) one shall be an officer not below the rank of the Secretary of the concerned market committee, nominated by the Director of Agricultural Marketing, who shall have no right to vote under section 44;]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.

<sup>1</sup>[(ix)x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.

Provided that if suitable persons of the categories specified in any category of <sup>1</sup>[clauses (ii), (iv) and (v)]<sup>1</sup> are not available, the committee shall consist only of persons of the available categories nominated by the State Government:



1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

Provided further that when suitable persons of the categories not nominated earlier become available subsequently, they may be nominated as members and such members shall hold office so long as the members first nominated hold the office of members.

<sup>1</sup>[(1A) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

(2) The State Government shall by notification nominate the Chairman and the Vice-Chairman from among the members nominated under clause (i) of sub-section (1).

(3) The notifications under sub-sections (1) and (2) shall be issued as soon as possible after the issue of a notification under sub-section (2) of section 6 declaring any specified area as the market.

(4) (a) Save as otherwise provided in this Act, <sup>1</sup>[but subject to the pleasure of the State Government]<sup>1</sup> the members of the first market committee shall hold office for a period of two years from the date of notification under sub-section (1):

Provided that the State Government may by notification extend the term of office of the members by such period or periods not exceeding <sup>2</sup>[two years] <sup>2</sup> in the aggregate.

1. Inserted by Act 17 of 1980 w.e.f. 30.6.1979

2. Substituted by Act 8 of 2001 w.e.f. 24.1.2001

<sup>1</sup>[(b) A person who is nominated as a member under <sup>2</sup>[clause (iv) or (v)] <sup>2</sup> of sub-section (1) shall hold office so long only as he continues to be the member of the <sup>2</sup>[Co-operative Marketing Society or Agricultural Co-operative Processing Society]<sup>2</sup>.]<sup>1</sup>

1. Substituted by Act 17 of 1980 w.e.f. 3.11.1979

2. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

(c) In the event of a vacancy occurring on account of death, resignation or otherwise, the vacancy shall be filled by nomination by the State Government and the person nominated shall hold office so long only as the member in whose place he is nominated would have held it, if the vacancy had not occurred.

This Section and Section 11, 63(2) and 75 were amended , new section 77A was inserted and section 78 was substituted by Act 16 of 1998 but the said amendments are not yet brought into force. The text of the amendment etc., made is at the end of the Act.

**\*11. Constitution of second and subsequent market committees.-** (1) Save as provided in section 10, every market committee shall consist of the following members, namely:-

<sup>1</sup>[(i) eleven members shall be persons elected by the agriculturists in the market area of whom <sup>2</sup>[two shall be a woman]<sup>2</sup>, one shall be a person belonging to the Scheduled Castes, one shall be a person belonging to Scheduled Tribes and two persons belonging to the Backward Classes out of which one shall be from



persons falling under Category 'A' and one shall be from persons falling under category 'B':

Provided that if no person belonging to the Scheduled Caste is available, the seat reserved for that category shall also be filled by a person belonging to the Scheduled Tribes and vice versa:

Provided further that if no persons falling under category 'A' is available, the seat reserved for that category shall also be filled by a person falling under category 'B' and vice versa.]<sup>1</sup>

1. Substituted by Act 13 of 2002 w.e.f. 11.4.2002
2. Substituted by Act 20 of 2016 w.e.f. 27.07.2016.

\*<sup>1</sup>[(ii) one member shall be a person elected by the traders other than retail traders, in the market area;]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(iii) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(iv) one member shall be a representative of Co-operative Marketing Societies carrying on business in notified agricultural produce within the market area, who is not disqualified under section 16, elected by the committee of management of such societies;]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(v) one member shall be a representative of Agricultural Co-operative Processing Societies carrying on business in notified agricultural produce, within the market area, who is not disqualified under section 16, elected by the committee of management of such societies;]<sup>1</sup>

1. Clause (v) with provisos was omitted by Act 17 of 1980 w.e.f. 3.11.1979 and Clause (v) inserted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(vi), (vii) x x x]<sup>1</sup>

1. Omitted by Act 17 of 1980 w.e.f. 3.11.1979

<sup>1</sup>[(viii) one shall be an officer not below the rank of the Secretary of the concerned Market Committee nominated by the Director of Agricultural Marketing, who shall have no right to vote under section 41 or section 44.]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>3</sup>[<sup>2</sup>[(ix) three members shall be persons belonging to agriculturists and among them, one shall be a woman to be nominated by the State Government, who shall have right to participate and vote in all the meetings of the Market Committee and shall hold office at the pleasure of the State Government.]<sup>1</sup>]<sup>2</sup><sup>3</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.
2. Inserted by Act 17 of 1998 w.e.f. 31.3.1998



3. Substituted by Act 20 of 2016 w.e.f 27.07.2016.

Provided that if persons of the categories specified in any category of <sup>1</sup>[clauses (ii), (iv) and (v)]<sup>2</sup> are not available, the committee shall consist only of persons of the categories available:

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

Provided further that when persons of those categories become available, they may be elected as members and such members shall hold office so long only as the members first elected hold the office of members.

<sup>1</sup>[Proviso x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[**Explanation.-** x x x ]<sup>1</sup>

1. Omitted by Act 17 of 1980 w.e.f. 3.11.1979

<sup>1</sup>["(2) The seats reserved for members under clause (i) of sub-section (1) shall be allotted by rotation to different constituencies in the market area:

Provided that the principle of rotation for the purpose of reservation of seats for members under clause (i) of sub-section (1) shall commence from the first general election to be held after the commencement of the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Act, 2002.

(3) Nothing contained in this section shall be deemed to prevent the persons belonging to the Scheduled Castes or the Scheduled Tribes or Backward classes or women for whom seats are reserved in a Market Committee under clause (i) of sub-section (1) from standing for election to the non-reserved seats in such Market Committee.

**Explanation:** For the purpose of this section, section 10 and section 14 categories 'A' and 'B' shall mean category 'A' and 'B' referred to in clause "(2B)" of section 2." <sup>1</sup>

1. Inserted by Act 13 of 2002 w.e.f. 11.4.2002

**12. Provisions for elections.-** Subject to the provisions of this Act, the members of a market committee shall be elected in the manner prescribed by rules. Such rules may provide also for the preparation and maintenance of the lists of voters, the qualifications and disqualifications of voters, the payment of deposits by candidates and their forfeiture and all matters relating to such elections.

**13. Superintendence, direction and control of elections.-** (1) Subject to the instructions of the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup>, the superintendence, direction and control of the preparation of the lists of voters for and the conduct of all elections to the market committee, shall be vested in the Deputy Commissioner:

<sup>2</sup>[Proviso x x x]<sup>2</sup>



1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

2. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

(2) The State Government shall make available to the Deputy Commissioner such staff and funds as may be necessary for the discharge of the functions and responsibilities conferred on the Deputy Commissioner under this Act.

(3) All expenditure in connection with or incidental to the election of members to the market committees shall be met from the Consolidated Fund of the State.

<sup>1</sup>[(4) Notwithstanding anything contained in any law for the time being in force, the State Government may issue instructions relating to all matters connected with elections to the market committees including directions for cancellation of the calendar of events or postponement of the poll.]<sup>1</sup>

1. Inserted by Act 4 of 1982 w.e.f. 4.11.1981

**14. Constituencies for election of certain members.-** (1) For the purpose of electing the members referred to in <sup>1</sup>[clauses (i) and (ii)]<sup>1</sup> of sub-section (1) of section 11, to a market committee, there shall be the following constituencies in every market area:-

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.

(i) <sup>1</sup>[eleven]<sup>1</sup> agriculturists' constituencies electing representatives of agriculturists, each constituency being a single member constituency;

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

(ii) one traders' constituency for the entire market area for electing <sup>1</sup>[one representative]<sup>1</sup> of licensed traders; and

1. Substituted by Act 17 of 1980 w.e.f. 30.6.1979

<sup>1</sup>[(iii) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

(2) For the purpose of clause (i) of sub-section (1), the Deputy Commissioner shall by notification determine the territorial extent of the <sup>1</sup>[<sup>2</sup>[eleven agriculturists' constituencies and shall reserve <sup>4</sup>[two for women]<sup>4</sup>, <sup>3</sup>[one for persons belonging to the Scheduled Castes, one for persons belonging to the Scheduled Tribes, one for persons falling under category 'A' and one for persons falling under category 'B']<sup>3</sup> ]<sup>2</sup> ]<sup>1</sup>. The number of voters in each such constituency shall as far as practicable be the same throughout the market area.

1. Substituted by Act 17 of 1980 w.e.f. 30.6.1979

2. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

3. Substituted by Act 13 of 2002 w.e.f. 11.4.2002

4. Substituted by Act 20 of 2016 w.e.f. 27.07.2016.



**15. Qualification for candidates for election.-** Every person, unless disqualified under the provisions of this Act or any other law for the time being in force, shall be qualified to be elected as a member of the market committee,-

(i) by an agriculturists' constituency, if his name is in the list of voters of any of the agriculturists' constituencies of the market area;

<sup>2</sup>[<sup>1</sup>Provided that a persons shall not be qualified to be chosen from an agriculturists constituency reserved for the persons belonging to the Scheduled Castes or the Scheduled Tribes or the Backward Classes or for woman unless such persons belongs to thoses castes, Tribes or classes or is a woman.]<sup>1</sup><sup>2</sup>

1. Inserted by Act 17 of 1980 w.e.f. 30.6.1979.

2. Substituted by Act 13 of 2002 w.e.f. 11.4.2002.

(ii) by the traders' constituency, if his name is in the list of voters of the traders' constituency of the market area; and

<sup>1</sup>[(iii) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

**16. Disqualifications for membership.-** Without prejudice to any other disqualifications provided in this Act,-

(1) A person shall be disqualified for being chosen as or for being, a member of a market committee,-

(a) as a representative of agriculturists, if he or a firm in which he is a partner, or a body corporate (other than a co-operative society) in which he is a director, or a joint family of which he is a member, does business as a trader, <sup>1</sup>[commission agent, broker, importer or exporter in any market area]<sup>1</sup> <sup>2</sup>[or was doing business as a trader, commission agent, broker, importer or exporter, till such date not later than five years immediately preceding the date of election]<sup>2</sup>;

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

2. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

(b) as a representative of traders, if he has ceased to be a licensed trader;

<sup>1</sup>[(c) x x x]<sup>1</sup>

1.Omitted by Act 16 of 1991 w.e.f. 1.8.1991

(2) A person shall be disqualified for being chosen as or for being , a member of the market committee,-

(a) if he is less than twenty-one years of age; or

\* (b) if he has been sentenced by a criminal court for imprisonment for an offence which involves moral turpitude and which is punishable with imprisonment for a



term exceeding six months, such sentence not having been subsequently reversed or remitted; or

<sup>1</sup>[(ba) if he has been convicted for an offence punishable under section <sup>2</sup>[114, 117 and 118]<sup>2</sup> of this Act, such conviction not having been subsequently set aside; or]<sup>1</sup>

1. Inserted by Act 17 of 1980 w.e.f. 30.6.1979

2. Substituted by Act 29 of 1987 w.e.f. 10.8.1987

(c) if an order is passed against him under section 108 of <sup>1</sup>[the Code of Criminal Procedure, 1973 (Central Act 2 of 1974)]<sup>1</sup>, in proceedings instituted under section 110 of that Code, such order having not been subsequently reversed or quashed; or

1. Substituted by Act 17 of 1980 w.e.f. 3.11.1979

(d) if he is an undischarged insolvent; or

(e) if he is of unsound mind and stands so declared by a competent court; or

(f) if he is a servant of any market committee, local authority or co-operative society or holds a licence from the market committee as a weighman, measurer, <sup>1</sup>[surveyor or hamal]<sup>1</sup>; or

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

(g) if, save as hereinafter provided, he has directly or indirectly any share or interest in any work done by the order of the market committee, or any contract of employment with, or under, or by, or on behalf, of the market committee; or

(h) if he is employed as a legal practitioner on behalf of the market committee or accepts employment as a legal practitioner against the market committee; or

<sup>1</sup>[(hh) if he is a defaulter for a period of seven days or more by failing to pay the sale proceeds or other amount due to the seller, from the date of sale]<sup>1</sup> ; or

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

(i) if he is a defaulter for a period of more than fifteen days by failing to pay any fee or other amount due to the market committee, from the date on which the bill in that regard is presented to him:

Provided that,-

(i) the disqualification in <sup>1</sup>[sub-clauses (b) and (ba)]<sup>1</sup> shall cease to operate after the expiry of five years from the date of such sentence <sup>2</sup>[or such conviction, as the case may be]<sup>2</sup> ;

1. Substituted by Act 17 of 1980 w.e.f. 3.11.1979.

2. Inserted by Act 17 of 1980 w.e.f. 3.11.1979

(ii) the disqualification in sub-clause (c) shall cease to operate after the expiry of the period during which a person is ordered to furnish security;



(iii) a person shall not be deemed to have incurred disqualification under clause (g) by reason of his,-

(a) having a share in any joint stock company or a share or interest in any association registered under the <sup>1</sup>[Karnataka] Societies Registration Act, 1960, or in any co-operative society which shall contract with or be employed by or on behalf of the market committee; or

1. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973

(b) holding debenture or being otherwise concerned in any loan raised by or on behalf of the market committee;

<sup>1</sup>[(3) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

**17. Disqualification of sitting member.-** (1) If any member of the market committee,-

(a) becomes subject to any of the disqualifications mentioned in section 16; or

<sup>1</sup>[(b) <sup>2</sup>[other than an ex-officio member]<sup>2</sup> absents himself for more than three consecutive ordinary meetings unless leave so to absent himself has been granted by the market committee,

his seat shall be deemed to be or to have become, as the case may be, vacant and the same shall immediately be intimated to the member in writing by the market committee:]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

2. Substituted by Act 23 of 2007 w.e.f. 16.08.2007

Provided that where an application is made by a member to the market committee for leave to absent himself and the market committee fails to inform the applicant of its decision on the application within a period of two months from the date of the application, the leave applied for shall be deemed to have been granted by the market committee.

(2) Whenever the <sup>1</sup>[question whether a person is or has become subject to disqualification under sub-section (1) arises, <sup>2</sup>[or whether on the date of his election, the returned candidate was not qualified or was qualified to be chosen to fill the seat arises]<sup>2</sup> the Director of Agricultural Marketing shall]<sup>1</sup> either *suo motu* or on a report from the Secretary to the market committee or otherwise, and after giving an opportunity to the member concerned to be heard and holding such enquiry as he deems fit, decide the question and his decision shall be final.

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

2. Inserted by Act 38 of 2013 w.e.f. 16.3.2013.

<sup>1</sup>[(3) Any question for decision under sub-section (2) pending before the Deputy Commissioner shall, on the date of commencement of the Karnataka Agricultural Produce



Marketing (Regulation) and Certain Other Laws (Amendment) Act, 1991, stand transferred to the Director of Agricultural Marketing and such question shall be decided by him as if it had been reported to or initiated by him.]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

<sup>1</sup>[(4) Any election petitions falling under clause (a) of section 21 of the Act pending before the Civil Judge on the date of commencement of the Karnataka Agricultural Produce Marketing (Regulation and Development (Amendment) Act, 2013 shall stand transferred to the Director of Agricultural Marketing and such petition shall be decided by the Director of Agricultural Marketing as if such petition had been filed before him.]<sup>1</sup>

1. Inserted by Act 38 of 2013 w.e.f. 16.3.2013.

**18. Constituency or institution failing to return representative.-** (1) If any constituency fails to return the required number of representatives, owing to the absence of the required number of nominations of candidates, then the State Government shall nominate such number of persons as to make up the required number of members being persons who would have been qualified to be elected as members representing such constituency, and the persons so nominated shall be deemed to have been duly elected from such constituency. If the failure on the part of a constituency to return the required number of representatives is on account of the rejection of any nomination papers at the time of the scrutiny, then the Deputy Commissioner shall hold another election in that constituency.

(2) If any institution fails to return its representative, then the State Government shall nominate a member of such institution, who is qualified to be elected, as such representative.

**19. Prohibition of simultaneous membership.-** <sup>1</sup>[(1)]<sup>1</sup> <sup>1</sup>[(i)]<sup>1</sup> If a person is elected by more than one constituency, he shall by a notice in writing signed by him and delivered to the Deputy Commissioner within the prescribed time, choose any one of the constituencies which he shall serve, and the choice shall be final.

<sup>1</sup>[(ii)]<sup>1</sup> When any such choice has been made, the constituency or each of the constituencies other than the constituency which such a person has chosen to serve, shall be called upon to elect another person.

<sup>1</sup>[(iii)]<sup>1</sup> if the candidate does not make the choice referred to in clause (i), before the expiration of the period prescribed thereunder, his seat in all the constituencies shall become vacant.]<sup>3</sup>



**Explanation.-** For purposes of <sup>2</sup>[this sub-section]<sup>2</sup>, 'constituency shall include <sup>3</sup>[the institution referred to in clause (iv)]<sup>3</sup> of sub-section (1) of section 11.

1. Re-numbered by Act 3 of 1970 w.e.f. 17.10.1969.
2. Substituted by Act 3 of 1970 w.e.f. 17.10.1969.
3. Substituted by Act 17 of 1980 w.e.f. 3.11.1979.

<sup>1</sup>[(2) No person shall be a member of two or more market committees and if a person is chosen as a member of two or more market committees, then, at the expiration of such period as may be prescribed, that person's seat in all market committees shall become vacant, unless he has previously resigned his seat in the market committees of all but one of such market committees.

(3) If a person who is already a member of one market committee and whose term of office as member of such committee has commenced, is chosen as a member of another market committee, his seat in the former market committee shall on the date on which he is so chosen become vacant.]<sup>1</sup>

1. Inserted by Act 3 of 1970 w.e.f. 17.10.1969

**20. Determination of validity of election.-** (1) At any time within fifteen days from the date of publication under section 27 of the result of an election, any candidate who stood for election or any person qualified to vote at that election may challenge the election by presenting an election petition by making the candidates at the election parties to the petition, together with a deposit of two hundred rupees as security for costs in the prescribed manner, to the <sup>1</sup>[Civil judge]<sup>1</sup> within whose territorial jurisdiction the market yard of the market area concerned is situate for the determination of the validity of the election and claiming any or both of the following reliefs, namely:-

- (a) a declaration that the election of all or any of the returned candidates is void;
- (b) a declaration that he himself or any other candidate has been duly elected.

(2) The <sup>1</sup>[Civil judge]<sup>1</sup> shall, after such enquiry as he deems necessary, pass an order,-

- (a) dismissing the election petition, or
- (b) declaring the election of all or any of the returned candidates to be void, or
- (c) declaring the election of all or any of the returned candidates to be void and the petitioner or any other candidate to have been duly elected.

For the purpose of the said enquiry, the <sup>1</sup>[Civil judge]<sup>1</sup> may exercise any of the powers of a civil court. He may also award costs in such manner as he may deem fit and such costs shall be recoverable as if they had been awarded under the Code of Civil procedure, 1908 (Central Act 5 of 1908). If as a result of his order the declared result of an election is amended or set aside, he shall forthwith communicate the order to the Deputy



Commissioner. In the event of the election being set aside, the Deputy Commissioner shall take the necessary steps for holding a fresh election.

1. Substituted by Act 38 of 2013 w.e.f. 16.3.2013.

**21. Grounds for declaring election to be void.-** If the <sup>2</sup>[Civil judge]<sup>2</sup> is of opinion,-

- (a) <sup>1</sup>[ XXX ]<sup>1</sup>
- (b) that any corrupt practice has been committed by a returned candidate or his election agent or by any other person with the consent of the returned candidate or his election agent; or
- (c) that any nomination has been improperly rejected; or
- (d) that the result of the election in so far as it concerns a returned candidate, has been materially affected,-
  - (i) by the improper acceptance of any nomination; or
  - (ii) by any corrupt practice committed in the interest of the returned candidate by a person other than that candidate or his election agent or a person acting with the consent of such candidate or his election agent: or
  - (iii) by the improper reception, refusal or rejection of any vote or the reception of any vote which is void; or
  - (iv) by any non-compliance with the provisions of this Act or any rules or orders made under this Act,

the <sup>2</sup>[Civil judge]<sup>2</sup> shall declare the election of any or all of the returned candidates to be void.

1. Omitted by Act 38 of 2013 w.e.f. 16.3.2013.

2. Substituted by Act 38 of 2013 w.e.f. 16.3.2013.

**22. Grounds for which a candidate other than the returned candidate may be declared to have been elected.-** If any person who has lodged a petition has, in addition to calling in question the election of the returned candidate, claimed a declaration that he himself or any other candidate has been duly elected, and the <sup>1</sup>[Civil judge]<sup>1</sup> is of opinion,-

- (a) that in fact the petitioner or such other candidate received a majority of the valid votes; or
  - (b) that but for the votes obtained by the returned candidate by corrupt practices the petitioner or such other candidate would have obtained a majority of the valid votes,
- the <sup>1</sup>[Civil judge]<sup>1</sup> shall after declaring the election of the returned candidate to be void declare the petitioner or such other candidate, as the case may be, to have been duly elected.

1. Substituted by Act 38 of 2013 w.e.f. 16.3.2013.



**23. Procedure in case of an equality of votes.-** If during the trial of an election petition it appears that there is an equality of votes between any candidates at the election and that the addition of a vote would entitle any of those candidates to be declared elected, then,-

(a) any decision made by the returning officer under the provisions of this Act or the rules made thereunder shall, in so far as it determines the question between those candidates, be effective also for the purposes of the petition; and

(b) in so far as that question is not determined by such a decision, the '[Civil judge]' shall decide between them by lot and proceed as if the one on whom the lot then falls had received an additional vote.

1. Substituted by Act 38 of 2013 w.e.f. 16.3.2013.

**24. Corrupt practices.-** (1) A person shall be deemed to have committed a corrupt practice,-

(a) who, with a view to inducing any voters to give or to refrain from giving a vote in favour of any candidates offers or gives any money or valuable consideration, or holds out any promise of individual profit, or holds out any threat of injury to any person; or

(b) who gives, procures, or abets the giving of a vote in the name of a voter who is not the person giving such vote; or

(c) who hires or procures, whether on payment or otherwise, any vehicle or vessel for the conveyance of any voter (other than the person himself, the members of his family or his agent) to and from any polling station:

Provided that the hiring of a vehicle or vessel by a voter or by several voters at their joint cost for the purpose of conveying him or them to or from any such polling station shall not be deemed to be a corrupt practice under this clause if the vehicle or vessel so hired is a vehicle or vessel not propelled by mechanical power :

Provided further that the use of any public transport vehicle or vessel or any railway carriage by any voter at his own cost for the purpose of going to or coming from any such polling station or place fixed for the poll shall not be deemed to be a corrupt practice under this clause.

A corrupt practice shall be deemed to have been committed by a candidate, if it has been committed with his knowledge and consent, or by a person who is acting under the general or special authority of such candidate with reference to the election.

**Explanation (1)-** The expression "promise of individual profit",-

(i) does not include a promise to vote for or against any particular measure which may come before a market committee for consideration: but



(ii) subject thereto, includes a promise for the benefit of the person himself or any person in whom he is interested.

**Explanation (II).**- The expression "vehicle" means any vehicle used or capable of being used for the purpose of road transport, whether propelled by mechanical power or otherwise and whether used for drawing other vehicles or otherwise.

(2) If the validity of the election is brought in question only on the ground of an error made by the officer charged with carrying out the rules relating to the elections or of an irregularity or informality not corruptly caused, the <sup>1</sup>[Civil Judge]<sup>1</sup> shall not set aside the election.

**Explanation.**- The expression "error" in this sub-section does not include any breach of or any omission to carry out or any non-compliance with the provisions of this Act or the rules made thereunder whereby the result of the election has been materially affected.

1. Substituted by Act 38 of 2013 w.e.f. 16.3.2013.

**25. Other orders to be made by the <sup>1</sup>[Civil Judge]<sup>1</sup>.**- If the <sup>1</sup>[Civil Judge]<sup>1</sup> by his order under section 21 declares the election of any candidate to be void on the ground specified in clause (b) of that section he may, if he thinks fit, declare any person by whom any corrupt practice has been committed within the meaning of this section to be disqualified from being a member of any market committee for a term not exceeding five years:

Provided that no such declaration shall be made in respect of any person other than the returned candidate without giving such person an opportunity to show cause why such declaration shall not be made:

Provided further that such person, may, at any time be relieved from such disqualification by an order of the State Government in that behalf.

1. Substituted by Act 38 of 2013 w.e.f. 16.3.2013.

**26. Appeal against orders of <sup>1</sup>[Civil Judge]<sup>1</sup>.**- (1) Any person aggrieved by any decision or order of the <sup>1</sup>[Civil Judge]<sup>1</sup> under section 20, 21, 22, 23, or 25, may within thirty days from the date of such decision or order appeal in the prescribed manner to the District Judge within whose territorial jurisdiction the market yard of the market area concerned is situate. The decision of the District Judge on such appeal shall be final and conclusive. The District Judge shall forthwith communicate the result of his decision or order to the Deputy Commissioner, who shall take steps either to publish the names of the persons declared elected or to hold fresh election, as the case may be.

(2) Any person intending to exercise a right of appeal provided in sub-section (1) may obtain an order staying any of the consequences arising on account of the order of the <sup>1</sup>[Civil Judge]<sup>1</sup> passed under section 20, 21, 22, 23, or 25, on deposit in the prescribed manner of an amount of four hundred rupees as security for costs in the Court of the <sup>1</sup>[Civil



Judge]<sup>1</sup> apart from the amount of deposit, if any, made under sub-section (1) of section 20. The

shall order such stay on such deposit for a period not exceeding two months from the date of his order. If no further stay is obtained before the expiry of such period, from the District Judge or if such stay is obtained from the District Judge and the period of stay expires or if such stay is ultimately cancelled, the amount deposited or the balance, if any, out of such amount after deducting the amount of costs, if any, of the parties opposing the appeal or the stay, awarded by the District Judge by his order in such appeal, shall be forfeited to the State Government by an order made in this behalf by the <sup>1</sup>[Civil Judge]<sup>1</sup> unless the District Judge orders the refund of the deposit amount or the balance of the amount, as the case may be, or any part thereof by an order passed in that regard at the time of his giving decision in the appeal or thereafter and such order is communicated to the <sup>1</sup>[Civil Judge]<sup>1</sup>.

(3) Every appeal under this section shall be decided as expeditiously as possible, and endeavour shall be made to determine it finally within three months from the date on which the memorandum of appeal is presented to the District Judge.

1. Substituted by Act 38 of 2013 w.e.f. 16.3.2013.

**27. Publication of names of elected members.-** The Deputy Commissioner shall <sup>1</sup>[within two working days]<sup>1</sup> publish the names of all the elected members by a notification in the official Gazette.

1. Inserted by Act 23 of 2007 w.e.f. 16.8.2007

**28. Casual vacancies.-** Where a vacancy occurs through the resignation, removal or non-acceptance of office by a person elected or nominated to be a member or through such person becoming disqualified to be a member or through any election being set aside or through the death or otherwise previous to the expiry of his term of office, the vacancy shall be filled up as soon as may be after the occurrence of the vacancy by the election or nomination, as the case may be, of a person thereto who shall hold office so long only as the member in whose place he is elected or nominated would have held the office if the vacancy had not occurred:

Provided that if the vacancy of a member occurs within six months preceding the date on which the term of office of the members of the market committee expires, the vacancy may be filled up by the market committee by co-option of a person qualified to be elected as a member in place of the member whose seat has become vacant.

**29. Prohibition of canvassing in or near polling stations.-** (1) No person shall, on the date or dates on which a poll is taken in any polling station, commit any of the following acts in any public or private place within a distance of one hundred meters of the polling station, namely:-



- (a) canvassing for votes; or
- (b) soliciting the vote of any voter; or
- (c) persuading any voter not to vote in the election; or
- (d) exhibiting any notice or sign other than an official notice relating to the election.

(2) Any person who contravenes the provisions of sub-section (1) shall, on conviction, be punished with fine which may extend to two hundred and fifty rupees.

(3) An offence punishable under this section shall be cognizable.

**30. Penalty for disorderly conduct in or near polling station.-** (1) No person shall, on the date or dates on which a poll is taken at any polling station, -

- (a) use or operate within or at the entrance of the polling station, or in any public or private place in the neighbourhood thereof, any apparatus for amplifying or reproducing the human voice, such as a megaphone or a loudspeaker, or
- (b) shout, or otherwise act in a disorderly manner, within or at the entrance of the polling station or in any public or private place in the neighbourhood thereof, so as to cause annoyance to any person visiting the polling station for the poll, or so as to interfere with the work of the officers and other persons on duty at the polling station.

(2) Any person who contravenes, or wilfully aids or abets the contravention of the provisions of sub-section (1) shall, on conviction, be punished with fine which may extend to two hundred and fifty rupees.

(3) If the presiding officer of a polling station has reason to believe that any person is committing or has committed an offence punishable under this section, he may direct any police officer to arrest such person, and thereupon the police officer shall arrest him.

(4) Any police officer may take such steps and use force as may be reasonably necessary for preventing any contravention of the provisions of sub-section (1), and may seize any apparatus used for such contravention.

**31. Penalty for misconduct at polling station.-** (1) Any person who during the hours fixed for the poll at any polling station misconducts himself or fails to obey the lawful directions of the presiding officer may be removed from the polling station by the presiding officer or by any police officer on duty or by any person authorised in this behalf by such presiding officer.

(2) The powers conferred by sub-section (1) shall not be exercised so as to prevent any voter who is otherwise entitled to vote at a polling station from having an opportunity of voting at that station.



(3) If any person who has been so removed from a polling station re-enters the polling station without the permission of the presiding officer, he shall, on conviction, be punished with fine which may extend to two hundred and fifty rupees.

(4) An offence punishable under sub-section (3) shall be cognizable.

**32. Maintenance of secrecy of voting.-** (1) Every officer, clerk, agent or other person who performs any duty in connection with the recording or counting of votes at an election shall maintain, and aid in maintaining, the secrecy of the voting and shall not (except for some purpose authorised by or under any law) communicate to any person any information calculated to violate such secrecy.

(2) Any person who contravenes the provisions of sub-section (1) shall, on conviction, be punished with imprisonment for a term which may extend to three months or with fine which may extend to two hundred rupees, or with both.

**33. Officers, etc., at elections not to act for candidates or influence voting.-** (1) No person who is a returning officer, or a presiding or polling officer at an election, or an officer or clerk appointed by the returning officer or the presiding officer to perform any duty in connection with an election shall, in the conduct or the management of the election, do any act other than the giving of vote for the furtherance of the prospects of the election of a candidate.

(2) No such person as aforesaid, and no member of a police force, shall endeavour,-

- (a) to persuade any person to give his vote at an election; or
- (b) to dissuade any person from giving his vote at an election; or
- (c) to influence the voting of any person at an election in any manner.

(3) Any person who contravenes the provisions of sub-section (1) or sub-section (2) shall, on conviction, be punished with imprisonment for a term which may extend to six months or with fine which may extend to two hundred rupees, or with both.

**34. Breaches of official duty in connection with elections.-** (1) If any person to whom this section applies is without reasonable cause guilty of any act or omission in breach of his official duty, he shall, on conviction, be punished with fine which may extend to five hundred rupees.

(2) No suit or other legal proceedings shall lie against any such person for damages in respect of any such act or omission as aforesaid.

(3) The persons to whom this section applies are the returning officers, presiding officers, polling officers and any other person appointed to perform any duty in connection with the receipt of nominations or withdrawal of candidature, or the recording or counting of votes at an election; and the expression "official duty" shall for the purposes of this section be



construed accordingly, but shall not include duties imposed otherwise than by or under this Act or the rules or orders made thereunder.

**35. Removal of ballot papers from polling stations to be an offence.-** (1) Any person who at any election fraudulently takes, or attempts to take a ballot paper out of a polling station, or wilfully aids or abets the doing of any such act, shall on conviction, be punished with imprisonment for a term which may extend to one year, or with fine which may extend to five hundred rupees, or with both.

(2) If the presiding officer of a polling station has reason to believe that any person is committing or has committed an offence punishable under sub-section (1), such officer may, before such person leaves the polling station, arrest or direct a police officer to arrest such person and may search such person or cause him to be searched by a police officer:

Provided that when it is necessary to cause a woman to be searched, the search shall be made by another woman with strict regard to decency.

(3) Any ballot paper found upon the person arrested on search shall be made over for safe custody to a police officer by the presiding officer, or when the search is made by a police officer, shall be kept by such officer in safe custody.

(4) An offence punishable under sub-section (1) shall be cognizable.

**36. Other offences and penalties therefor.-** (1) A person shall be guilty of an offence if at any election he,-

- (a) fraudulently defaces or fraudulently destroys any nomination paper; or
- (b) fraudulently defaces, destroys or removes any list, notice or other document affixed by or under the authority of a returning officer; or
- (c) fraudulently defaces, or fraudulently destroys any ballot paper or the official mark on any ballot paper; or
- (d) without due authority supplies any ballot paper to any person; or
- (e) fraudulently puts into any ballot box anything other than the ballot paper which he is authorised by law to put in; or
- (f) without due authority destroys, takes, opens or otherwise interferes with any ballot box or ballot papers then in use for the purposes of the election; or
- (g) fraudulently or without due authority as the case may be, attempts to do any of the foregoing acts or wilfully aids or abets the doing of any such acts.

(2) Any person guilty of an offence under this section shall,-

- (a) if he is a returning officer or a presiding officer at a polling station or any other officer or clerk employed on official duty in connection with the election, on



conviction, be punished with imprisonment for a term which may extend to two years, or with fine which may extend to five hundred rupees, or with both;

(b) if he is any other person, on conviction, be punished with imprisonment for a term which may extend to six months, or with fine which may extend to two hundred and fifty rupees, or with both.

(3) For the purpose of this section, a person shall be deemed to be on official duty if he has to take part in the conduct of an election or part of an election, including the counting of votes or to be responsible after an election for the used ballot papers and other documents in connection with such election, but the expression "official duty" shall not include any duty imposed otherwise than by or under this Act.

(4) An offence punishable under clause (b) of sub-section (2) shall be cognizable.

**37. Prosecution of certain offences.-** No Court shall take cognizance of an offence punishable under section 33 or 34 or under clause (a) of sub-section (2) of section 36 unless there is a complaint made by an order of or under authority from the Deputy Commissioner.

**38. Term of office of members.-** (1) The members of the market committee shall, save as otherwise provided in this Act, hold office for a term of <sup>1</sup>[five years]<sup>1</sup> <sup>2</sup>[before the expiry of which election shall be held to a market committee;]<sup>2</sup>:

<sup>3</sup>[Proviso x x x]<sup>3</sup>

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986
2. Inserted by Act 16 of 1991 w.e.f. 1.8.1991
3. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.

<sup>1</sup>[(2) Notwithstanding anything contained in sub-section (1), a person who is a member of the market committee by virtue of being a representative of a Co-operative Marketing Society or an Agricultural Co-operative Processing Society, as the case may be, shall cease to be such member on his ceasing to be a member of the Managing Committee of the Society concerned by efflux of his term of office or otherwise.]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.

**39. Commencement of term of office.-** (1) The term of office of the members of a market committee shall commence on the date immediately after the expiry of the term of office of the out-going members of the market committee <sup>1</sup>[or on the date of first meeting convened under sub-section (2) of section 41 for election of Chairman and Vice-Chairman ]<sup>1</sup> whichever is later.

(2) When not less than two-thirds of the representatives of agriculturists, and not less than two-thirds of the total number of members of a market committee are available to function as members after a general election, the market committee shall, notwithstanding anything contained in this Act, be deemed to be duly constituted, and the market committee



so constituted shall be competent to exercise the powers and perform the functions of the market committee.

1. Substituted by Act 13 of 2002 w.e.f. 8.10.1996

**1[40. Resignation of members.-** A member of a market committee other than an ex-officio member may resign his membership in writing, delivered or caused to be delivered to the Chairman of the Market Committee, who shall acknowledge the receipt of the same and the seat of such member shall become vacant on the expiry of fifteen days from the date of acknowledgment of resignation unless within the said period such member withdraws his resignation in writing addressed to the Chairman.]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

**41. Election of Chairman and Vice-Chairman.-** (1) Subject to the provisions of sub-sections (2) and (3), every market committee shall choose two members representing the agriculturists' constituencies of the market committee to be respectively the Chairman and Vice-Chairman thereof and so often as the office of the Chairman or the Vice-Chairman becomes vacant by death, resignation, removal or otherwise, the market committee shall choose another member to be the Chairman or the Vice-Chairman as the case may be, in accordance with the provisions of this Act and the rules.

<sup>1</sup>[(2) <sup>2</sup>[Within fifteen days from the date of]<sup>2</sup> the constitution of a market committee under section 11 or on its reconstitution, a meeting thereof shall be called by the prescribed officer who shall himself preside over the meeting but shall have no right to vote. At such meeting a member representing an agriculturists' constituency shall first be elected as the Chairman and thereafter another member representing another agriculturists' constituency shall be elected as Vice-Chairman in the manner hereinafter provided.

(2A) At the meeting,-

(a) candidates for the office of the Chairman <sup>1</sup>[or as the case may be, the Vice-Chairman]<sup>1</sup> shall be proposed by one member and seconded by another. The names of all members proposed and seconded shall be read out by the Presiding Officer;

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

2. Substituted by Act 23 of 2007 w.e.f. 16.8.2007

(b) if any of the candidates desires to withdraw, he may do so in writing. The names of the contesting candidates shall then be read out by the Presiding Officer;

(c) if there is only one candidate, he shall be declared to have been elected as the Chairman <sup>1</sup>[or as the case may be, the Vice-Chairman]<sup>1</sup>. If there are two or more candidates, votes of the members present at the meeting shall be taken by ballot



and the candidate securing the highest number of votes shall be declared to have been elected as the Chairman <sup>1</sup>[or as the case may be, the Vice-Chairman]<sup>1</sup>;

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

(d) in case of equality of votes, the result shall be decided by drawing lots.

<sup>1</sup>[(2B) x x x]<sup>1</sup>

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

(2C) If for any reason the Chairman or the Vice-Chairman is not elected at the meeting referred to in sub-section (2) such election shall be held, at an adjourned meeting, by the <sup>2</sup>[prescribed officer for the election of Chairman and Vice-Chairmen and after following the procedure laid down in sub-section (2A)]<sup>2</sup>,-

<sup>3</sup>[(i) x x x

(ii) x x x]<sup>3</sup><sup>1</sup>

1. Sub-sections (2), (2A), (2B) and (2C) have been substituted by Act 47 of 1976 w.e.f. 22.6.1976

2. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

3. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

(3) Where a Chairman <sup>1</sup>[or the Vice- Chairman]<sup>1</sup> has to be elected on account of the vacancy occurring in the office of the Chairman <sup>1</sup>[or the Vice- Chairman]<sup>1</sup>, the meeting for such election shall be convened by the prescribed officer and the election held in the manner specified in sub-section (2).

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

(4) Any dispute relating to the validity of the election of the Chairman or the Vice-Chairman under sub-section (1), (2) or (3) shall be decided by the District Judge having jurisdiction over the area in which the office of the market committee is located, in accordance with such rules as may be prescribed. The decision of the District Judge in that behalf shall be final, and no suit or other proceedings shall lie in any civil court in respect of any such decision.

**42. Term of office of Chairman or Vice- Chairman <sup>3</sup>[x x x]<sup>3</sup>.**- (1) Save as otherwise provided in this Act, the Chairman and Vice Chairman shall continue in office <sup>4</sup>[for a term of twenty months or for the term of the market committee whichever is earlier]<sup>4</sup>

(2) Notwithstanding anything contained in this Act on the expiry of the term of office of the Chairman and Vice-Chairman and of the market committee, the Tahsildar of the Taluk in which the yard is situated shall exercise the powers and perform the functions of the market committee and its Chairman until the market committee is reconstituted and its Chairman is elected.



<sup>1</sup>[Provided that the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> may, at any time thereafter appoint any other officer to exercise the powers and perform the functions of the market committee and its Chairman.

<sup>3</sup>[(3) x x x]<sup>3</sup><sup>1</sup>

1. Inserted by Act 17 of 1980 w.e.f. 3.11.1979
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.
3. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.
4. Substituted by Act 18 of 2010 w.e.f.16.04.2010.

**43. Vacancy in office of chairman and Vice- Chairman.-** (1) A member holding office as Chairman or Vice Chairman may resign his office at any time by writing under his hand addressed to the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> and the office shall become vacant on the expiry of fifteen clear days from the date of such resignation, unless, within the said period of fifteen days, he withdraws such resignation in writing under his hand addressed to the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup>.

(2) Every Chairman or Vice-chairman shall vacate office if he ceases to be a member of the market committee.

(3) During the Vacancy in the office of the Chairman and when there is no Vice- Chairman to take his place, then, notwithstanding anything contained in this Act, <sup>2</sup>[an officer appointed in this behalf by the Director of Agricultural Marketing]<sup>2</sup> shall exercise the powers and perform the functions of the Chairman until a Chairman or Vice-Chairman is duly elected.

<sup>3</sup>[Proviso x x x]<sup>3</sup>

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.
2. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.
3. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.

**44. Motion of no-confidence.-** (1) A motion of no-confidence may be moved by any member against the Chairman or the Vice- Chairman after giving such notice as may be prescribed and such notice shall be supported <sup>5</sup>[by not less than fifty percent]<sup>5</sup> of the total number of members of the market committee. If a meeting for consideration of the no confidence motion is not directed by the Chairman to be convened <sup>4</sup>[within fifteen days from the date of the notice, the secretary of the market committee shall convene such meeting under the chairmanship of the Tahsildar of the concerned taluk where the office of the market committee is situated]<sup>4</sup>

<sup>1</sup>[Provided that a motion of no confidence shall not be moved within a period of <sup>3</sup>[six months]<sup>3</sup> after the failure of a similar motion of no confidence moved earlier.]<sup>1</sup>



<sup>6</sup>[provided further that a motion of no- confidence shall not be moved within a period of six months from the date of assuming the office of the Chairman or the Vice Chairman as the case may be]<sup>6</sup>

<sup>5</sup>[(2) If the motion against the Chairman or the Vice-Chairman or both is carried by a majority of not less than two-thirds of all the then members of the market committee at a meeting specially convened for the purpose, the Chairman or the Vice-Chairman shall forth with vacate the office of the Chairman or the Vice-Chairman as the case may be.]<sup>5</sup>

(3) Notwithstanding anything contained in this Act, or the rules, the Chairman or the Vice-Chairman shall not preside over a meeting in which a motion of no-confidence is discussed against him, but he shall have a right to speak and otherwise to take part in the proceedings of the market committee.

<sup>2</sup>[Provided that where a motion of no confidence is moved both against the Chairman and Vice-Chairman, the Director of Agricultural Marketing or an officer authorised by him in this behalf shall preside over the meeting.]<sup>2</sup>

1. Inserted by Act 29 of 1987 w.e.f. 10.8.1987.
2. Inserted by Act 16 of 1991 w.e.f. 1.8.1991.
3. Substituted by Act 8 of 2001 w.e.f. 24.1.2001.
4. Substituted by Act 23 of 2007 w.e.f. 16.8.2007.
5. Substituted by Act 18 of 2010 w.e.f.16.04.2010.
6. Inserted by Act 18 of 2010 w.e.f.16.04.2010.

**45. Leave of absence to Chairman and Vice-Chairman and consequences of absence without leave.-** (1) Every Chairman and every Vice- chairman officiating as Chairman who for a continuous period exceeding forty days absents himself from the market area, or from attending the office of the market committee, in such manner as to be unable to perform his duties as Chairman or officiating Chairman, as the case may be, shall cease to be the Chairman or the Vice-Chairman, as the case may be, unless leave so to absent himself has been granted by the market committee.

(2) Subject to the provisions of sub-section (1), every Vice-Chairman who for a continuous period exceeding three months absents himself from the market area, shall cease to be the Vice-Chairman unless leave so to absent himself has been granted by the market committee.

(3) Leave under sub-section (1) or (2) shall not be granted for a period exceeding one hundred and eighty days in any one year. Whenever such leave is granted to the Chairman, the market committee shall elect one of its members eligible to be elected as Vice-Chairman to exercise all the powers and perform all the duties of the Vice-Chairman in lieu of the Vice-Chairman, who shall be exercising the powers and performing the duties of the Chairman



during the period for which such leave is granted. Whenever such leave is granted to the Vice-Chairman, the market committee shall elect one of its members eligible to be elected as Vice-Chairman to exercise the powers and to perform the duties of the Vice-Chairman, during the period for which such leave is granted.

## CHAPTER IV

### CONDUCT OF BUSINESS

**46. Powers and duties of Chairman.-** Without prejudice to the powers conferred on the Chairman under any other provision of this Act,-

(1) The Chairman of the market committee shall be the chief controlling and supervising officer of the market committee. All officers and servants of the market committee shall, subject to the provisions of this Act, the rules, the bye-laws and the directions, if any, given by the committee, be subject to his control.

(2) The Chairman shall,-

- (a) preside over the meetings of the market committee and the sub-committees and conduct business at such meetings;
- (b) watch over the financial and executive administration of the market committee;
- (c) exercise supervision and control over the officers and servants (whether such officers or servants are Government servants or not) of the market committee in matters of executive administration, concerning accounts and records and disposal of all questions relating to the service of the employees; and
- (d) in cases of emergency, direct the execution or stoppage of any work or the doing of any act which requires the sanction of the market committee.

**47. Powers and duties of Vice-Chairman.-** The Vice-Chairman of the market committee shall,-

(a) save as otherwise provided in this Act or the rules, in the absence of the Chairman, preside over the meeting of the market committee and the sub-committees:

<sup>1</sup>[(b) x x x]<sup>1</sup>

(c) exercise the powers and perform the duties of the Chairman, pending the election of the Chairman or during the absence of the Chairman on leave.

1. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

**48. Meeting of the market committee.-** (1) A market committee shall meet for the transaction of its business at least once in every month at the office of the market committee on such date and at such time, as the Chairman may determine:



Provided that the market committee may, in special circumstances meet at any other place in the market area if by a resolution passed to that effect, it directs that any meeting of the market committee shall be convened to meet at any place in the said area other than in the office of the market committee.

(2) The Chairman may, whenever he thinks fit, and shall, upon the written request of not less than one third of the total number of members and on a date within 'fifteen days' from the receipt of such request, call a special meeting. Such request shall specify the object for which the meeting is proposed to be called.

(3) If the Chairman fails to call a special meeting as provided in sub-section (2), the Vice-Chairman or one third of the total number of members may call such meeting for a day not more than 'thirty days' after the presentation of such request and require the Secretary to give notice to the members and take such action as may be necessary to convene the said meeting and on such request the Secretary shall convene the meeting accordingly.

(4) Seven clear days' notice of an ordinary meeting and five clear days' notice of a special meeting specifying the date, time and place at which such meeting is to be held and the business to be transacted thereat, shall be sent to the members entitled to attend the meeting and affixed on the notice board of the office of the market committee. Such notice shall include, in the case of a special meeting, any motion or proposition to be considered at such meeting:

Provided that in case of urgency, the Chairman may, for reasons to be recorded in writing, convene a special meeting of the market committee by giving thirty-six hours previous notice to the members.

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.

**49. Quorum and procedure at meetings.-** (1) As nearly as may be, one-third of the total number of members of the market committee shall form a quorum for transacting the business at a meeting of the committee. If within half-an-hour from the time appointed for the meeting, the quorum is not present, the presiding authority shall adjourn the meeting to such hour on some future date as may be fixed by such authority. The presiding authority shall similarly adjourn the meeting at any time after it has begun, if his attention is drawn to the want of a quorum. At such adjourned meeting at which there is a quorum, the business which could have been brought before the original meeting shall be transacted.

(2) Every meeting shall be open to the public unless the presiding authority deems any inquiry or deliberation pending before the committee should be held in camera:



Provided that the presiding authority may at any time, cause any person who interrupts the proceedings to be removed and for the purpose such force as may be necessary may be used.

(3) Every meeting shall be presided over by the Chairman, or, if he is absent, or is disqualified to preside by the Vice-Chairman, and if both the Chairman and Vice-Chairman are absent or disqualified to preside or if the Chairman is absent and there is no Vice-Chairman, by such one of the members present in the meeting as may be chosen by the meeting to be the Chairman for the occasion. No quorum shall be necessary for choosing a member for presiding over a meeting for adjourning such meeting for want of quorum.

(4) All Questions shall, unless otherwise specially provided in this Act, the rules or the bye-laws, be decided by majority of votes of the members present and voting. The presiding authority, unless he refrains from voting, shall give his vote before declaring the number of votes for and against a question and in case of equality of votes, he shall give an additional or casting vote.

(5) No member of a market committee shall vote on, or take part in the discussions of, any question coming up for consideration at a meeting of the market committee or any sub-committee, if the question is one in which, apart from its general application to the public, he has any direct or indirect pecuniary interest.

(6) If the presiding authority is believed by any member present at the meeting to have any such pecuniary interest in any matter under discussion, and if a motion to that effect is carried, he shall not preside at the meeting during such discussion, or vote on, or take part in it. Any member of the committee may be chosen to preside at the meeting during the continuance of such discussion.

(7) No business shall be transacted and no proposition shall be discussed at any meeting unless it has been specified in the notice convening such meeting:

Provided that the Chairman may propose any urgent subject of a routine nature not included in the notice if no member objects to it:

Provided further that a member may propose any resolution connected with or incidental to the subjects included in the notice.

(8) The order in which any business or proposition shall be brought forward in such meetings shall be determined by the presiding authority who in case it is proposed by any member to give priority to any particular item of such business, or to any particular proposition, shall act in accordance with the decision of the committee on such proposal.

(9) Any ordinary meeting may, with the consent of the majority of the members present, be adjourned from time to time, but no business shall be transacted at any adjourned



meeting other than that left undisposed of at the meeting from which the adjournment took place.

**50. Modification or cancellation of resolutions.-** No resolution of the market committee shall be modified or cancelled within six months after the passing thereof, except by a resolution passed by not less than <sup>1</sup>[two-thirds of <sup>2</sup>[all the then members]<sup>2</sup> of the market committee]<sup>1</sup> present at an ordinary or special meeting, notice whereof shall have been given setting forth fully the resolution which it is proposed to modify or cancel in such meeting and the motion or proposition for the modification or cancellation of such resolution.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

2. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

**51. Minutes.-** Minutes shall be kept of the names of the members present and of the proceedings, at each meeting of the committee, and if any member present at the time so desires, of the names of the members voting, respectively for or against the resolution, in a book to be provided for this purpose, which shall be signed as soon as practicable by the Secretary and the presiding authority of such meeting and shall at all reasonable times, be open to inspection by any member of the committee, or save as otherwise provided in the rules, on payment of the fee prescribed in the bye-laws by any person entitled to vote at the elections of members of the market committee.

**52. Confirmation of minutes.-** Minutes of every meeting of the market committee shall be read at the commencement of every subsequent meeting and confirmed as they are recorded or with such modification if any to be made therein consistent with the transaction of business at the meeting to which they relate.

**53. Interpellation and resolutions.-** (1) A member of a market committee may move resolutions and interpellate the Chairman on matters concerned with the administration of the market committee, subject to such bye-laws as may be made by the committee.

(2) A member of a market committee may also call the attention of the Chairman to any neglect or irregularity in the affairs of the market committee, any waste of property belonging to the market committee, or to the want of any amenities within the market area or to any general or particular grievance relating to the regulation of the market, and may suggest any improvements which may be desirable.

(3) A market committee may pass and submit for the consideration of the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> resolutions on any question connected with the administration of the market area.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986



**54. Bye-laws to regulate detailed procedure at meetings.-** Subject to the provisions of this Act and the rules, the procedure at a meeting of the market committee or at the meetings of the sub-committees of a market committee shall be in accordance with the bye-laws made for that purpose.

**55. Mode of making contracts.-** (1) No contract or agreement on behalf of the market committee for the purchase, sale, lease, mortgage or other transfer of or acquisition of interest in immovable property shall be executed on behalf of the market committee except with the sanction of the market committee:

Provided that in cases where the powers under this sub-section in respect of any matters are delegated to a sub-committee, sanction of such sub-committee shall be obtained.

(2) Save as provided in sub-section (1),-

(i) the Secretary of the market committee may execute contracts or agreements on behalf of the market committee where the amount or value of such contract or agreement does not exceed <sup>4</sup>[such amount as may be prescribed]<sup>4</sup> regarding matters in respect of which he is generally or specially authorised to do so by a resolution of the market committee;

<sup>2</sup>[(ii) in any case other than the one referred to in clause (i), a contract or agreement on behalf of the market committee shall be executed by the Chairman and Secretary of the market committee;]<sup>2</sup>

<sup>3</sup>[(iii) x x x]<sup>3</sup>

(3) Every contract entered into by the market committee shall be in writing and shall be signed on behalf of the market committee by the person or persons authorised to do so under the provisions of sub-section (2);

(4) No contract other than a contract executed as provided in sub-sections (1), (2) and (3) shall be valid or binding on the market committee;

(5) Where a contract or agreement is entered into on behalf of a market committee, the Secretary of the market committee shall report the fact to the market committee at its meeting convened on any date next after the date of the entering into of such contract or agreement.

<sup>1</sup>[(6) The provisions of sub-sections (1) to (5) shall apply also to contracts relating to execution of any works proposed to be carried out at the expense of the market committee:

Provided that if such works are undertaken with the assistance by way of grant by the State Government or the Central Government or by way of loan from any financing agency the repayment of which has been guaranteed by the State Government, the contract shall be



entered into by an officer of the State Government authorised by it and the work shall be executed under the supervision of such officer.]<sup>1</sup>

1. Substituted by Act 17 of 1980 w.e.f. 3.11.1979.
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.
3. Omitted by Act 35 of 1986 w.e.f. 17.6.1986.
4. Substituted by Act 16 of 1991 w.e.f. 1.4.1994.

**56. Powers, functions and duties of the Secretary.-** Subject to the powers of the Chairman under section 46 and the other provisions of this Act or the rules, the Secretary shall be the chief executive officer <sup>1</sup>[and the custodian of all the records and properties]<sup>1</sup> of the market committee, and shall exercise and perform the following powers and duties, in addition to such other duties as may be specified in this Act, the rules or bye-laws, namely:-

(i) convene <sup>3</sup>[in consultation with the Chairman]<sup>3</sup> the meetings of the market committee and of the sub-committees, if any, and maintain the minutes of the proceedings thereof;

(ii) attend the meeting of the market committee and of every sub-committee and take part in the discussion but shall not move any resolution or vote at any such meeting;

(iii) take action to give effect to the resolutions of the committee and of the sub-committees, and report about all actions taken in pursuance of such resolutions, to the committee, as soon as possible;

(iv) furnish to the market committee such returns, statements, estimates, statistics and reports as the market committee may from time to time require including reports,- (a) regarding the fines and penalties levied on, and any disciplinary action taken against the members of the staff and the market functionaries and others; (b) regarding over-trading by traders; (c) regarding contraventions of the Act, the rules, the bye-laws or the standing orders by any person; (d) regarding the suspension or cancellation of licences <sup>2</sup>[by him or by the Chairman]<sup>2</sup> or the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup>; (e) regarding the administration of the market committee and the regulation of the marketing;

(v) produce before the committee such documents, books, registers and the like as may be necessary for the transaction of the business of the committee or the sub-committees, and also whenever called upon by the market committee to do so;

(vi) exercise supervision and control over the acts of all officers servants of the committee;

(vii) collect fees and other moneys leviable by or due to the market committee;

(viii) be responsible for all moneys credited to or received on behalf of the market committee;

(ix) make disbursements of all moneys lawfully payable by the market committee;



(x) report to the Chairman and the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> <sup>4</sup>[immediately in respect of fraud, illegal acts]<sup>4</sup>, embezzlement, theft or loss of market committee funds or property;

1. Inserted by Act 17 of 1980 w.e.f. 3.11.1979
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.
3. Inserted by Act 16 of 1991 w.e.f. 1.8.1991.
4. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.

(xi) prefer complaints in respect of prosecutions to be launched on behalf of the market committee and conduct proceedings, civil or criminal, on behalf of the market committee.

**57. Acts of market committee, etc., not to be invalidated.-** No act of a market committee, or of any sub-committee thereof, or of any persons acting as a member, Chairman, Vice-Chairman, presiding authority or Secretary shall be deemed to be invalid by reason only of some defect in the constitution or appointment of such market committee, sub-committee, members, Chairman, Vice-Chairman, Presiding authority or Secretary or on the ground that they, or any of them, were disqualified for such office, or that formal notice of the intention to hold a meeting of the committee or of the sub-committee was not given duly or by reason of such act having been done during the period of any vacancy in the office of the Chairman, Vice- Chairman, or Secretary or member of such committee or sub-committee or for any other informality not affecting the merits of the case.

## CHAPTER V

### STAFF OF THE MARKET COMMITTEES

**58. Appointment of Secretary and technical staff to the market committee.-** (1) Every market committee shall have a Government servant as the Secretary appointed by the State Government or by an officer or authority authorised by the State Government in that behalf;

(2) A market committee may also have a Government servant as an <sup>1</sup>[Additional Secretary or Assistant Secretary]<sup>1</sup> or such number of Assistant Secretaries as may be determined by the <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup>, appointed by the State Government or an officer or authority authorised by it in that behalf.

(3) The accounts and audit staff of every market committee shall consist of Government servants appointed by the State Government or by an officer or authority authorised by it in that behalf.

(4) There may be an Engineer and other subordinate staff under him for a group of such number of market committees as the State Government may, considering the importance and the work in such market committees, by general or special order determine.



<sup>2</sup>[(4A) Save as otherwise provided in this Act the <sup>1</sup>[State Government may on the recommendation of the Director of Agricultural Marketing]<sup>1</sup> constitute an enforcement cell headed by an officer not below the rank of a Group-A officer of <sup>3</sup>[the Karnataka Administrative Service or the Karnataka State Marketing Service]<sup>3</sup> to exercise such powers and perform all such duties as may be made, given, issued, exercised and performed by a market committee under any of the provisions of items (iv), (vi) and (xii) of clause (a) and items (ii), (iv) and (v) of clause (b) of sub-section (2) of section 63 and sections 66, 67 and 70.]<sup>2</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.
2. Inserted by Act 35 of 1986 w.e.f. 17.6.1986.
3. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.

(5) All the officers specified under sub-sections (1), (2), (3) and (4) shall be the servants of the State Government. They shall draw their salary and allowances from the Consolidated Fund of the State. The conditions of service of such officers and staff shall save as otherwise provided in section 59 be such as may be determined by the State Government.

**59. Absorption of <sup>1</sup>[x x x]<sup>1</sup> staff of market committees in Government service.-** (1) Officers and servants of market committees (by whatever name called) holding the classes of posts specified in sub-sections (1), (2) and (3) of section 58 <sup>2</sup>[x x x]<sup>2</sup> on the date immediately prior to the date of commencement of this Act, shall, with effect from the date of such commencement, become officers and servants of the State Government.

**Explanation.-**The State Government shall determine the designations of the officers and servants of the market committees who shall become officers and servants of the State Government under this sub-section.

<sup>3</sup>[(1A) Notwithstanding anything contained in this Act or in any other law for the time being in force, officers and servants of market committees holding such classes of posts on such dates as may be specified by the State Government shall, with effect from such date become officers and servants of the State Government and they shall draw their salary and allowances from the consolidated fund of the State;]<sup>3</sup>

(2) The officers and servants of market committees who become officers and servants of the State Government under sub-section (1) <sup>3</sup>[or sub-section (1A)]<sup>3</sup>, shall hold their office by the same tenure, at the same remuneration and upon the same terms and conditions of service and with the same rights and privileges as to pension, gratuity, provident fund and such matters as they would have held the same under the market committee concerned and shall continue to do so until their remuneration, terms and conditions of service including the



privileges as to pension, provident fund and gratuity are altered by rules or other provisions made <sup>4</sup>[under the Karnataka State Civil Services Act, 1978]<sup>4</sup>, and any such alteration shall have effect, notwithstanding anything contained in any contract or law for the time being in force.

1. Omitted by Act 17 of 1980 w.e.f. 1.5.1968.

2. Omitted by Act 17 of 1980 w.e.f. 30.6.1979.

3. Inserted by Act 17 of 1980 w.e.f. 30.6.1979.

4. Substituted by Act 14 of 1990 w.e.f. 2.4.1992 by notification . The Text of the notification is at the end of the Act.

(3) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (Central Act 14 of 1947), or in any other law for the time being in force or in any contract the transfer of the services of any officer or servant of a market committee by virtue of sub-section (1) <sup>1</sup>[or sub-section (1A)]<sup>1</sup> shall not entitle any such officer or servant to any compensation or payment under that Act or other law or contract, and no such claim shall be entertained by any court, tribunal or other authority.

1.Inserted by Act 17 of 1980 w.e.f. 30.06.1979.

<sup>1</sup>[60. x x x]<sup>1</sup>

Omitted by Act 14 of 1976 w.e.f. 24.1.1976

<sup>1</sup>[61. **Appointment of other staff of market committee.**- (1) Save as otherwise provided in section 58, the State Government or the officer authorised by it in this behalf may, from amongst the officers and servants of the Karnataka State Market Committee Service or Karnataka State Marketing Service constituted under section 62, appoint other officers and servants of a market committee.

(2) The Cadre strength of every market committee, shall be specified by the Director of Agricultural Marketing.

<sup>\*</sup>(3) Notwithstanding anything contained in sub-sections (1) and (2), the market committee may, with the prior approval of the Director of Agricultural Marketing or an officer authorised by him in this behalf create such number of temporary posts for a period not exceeding three months and make appointments thereof subject to the condition that the maximum monthly pay of any such post does not exceed rupees three hundred.]<sup>1</sup>

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

<sup>\*</sup> Section 61(3), 78, 85, 86, 90, 106, 112 and 147 have been amended and new sections 63A, 106A and 109A have been inserted by Act 16 of 1991, but they are not yet brought into force. Text of the amendments made to the above sections and the new sections inserted are at the end of the Act.

<sup>1</sup>[61A. **Reservation of posts in appointments.**- In making appointments, the market committee shall reserve adequate number of posts for the Scheduled Castes, Scheduled



Tribes and the socially and educationally backward classes of citizens in the same manner and to the same extent as is made by the Government for the recruitment to posts in the State Civil Services.]<sup>1</sup>

1. Inserted by Act 4 of 1982 w.e.f.4.11.1981

**62. <sup>1</sup>[Karnataka State Marketing Service]<sup>1</sup> <sup>2</sup>[etc]<sup>2</sup>.-<sup>3</sup>[(1)]<sup>3</sup>** Notwithstanding anything in this Act, or the rules, the State Government may, by notification, constitute any class of officers or servants employed for the purposes of this Act into a Marketing Service for the State to be designated as the "<sup>1</sup>[Karnataka State Marketing Service]":

<sup>2</sup>[Provided that the State Government may, by notification constitute the officers and servants holding the classes of posts specified by the State Government under sub-section (1A) of section 59 into a separate service for the State to be designated as the "Karnataka State Market Committee Service.]<sup>2</sup>

<sup>4</sup>[(2) The State Government, may, by notification amalgamate the Karnataka State Market Committee Service and the Karnataka State Marketing Service into one single service and for this purpose it shall have power to equate the posts, determine the scale of pay and to do such other things which are necessary or incidental to give effect to the amalgamation.]<sup>4</sup>

1. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973

2. Inserted by Act 17 of 1980 w.e.f.30.6.1979

3. Re-numbered by Act 16 of 1991 w.e.f. 27.6.1995

4. Inserted by Act 16 of 1991 w.e.f.27.6.1995

## CHAPTER VI

### POWERS AND DUTIES OF MARKET COMMITTEES

**63. Powers and duties of market committee.-** (1) Subject to the provisions of this Act, it shall be the duty of a market committee,-

- (i) to implement the provisions of this Act, the rules and bye-laws made thereunder in the market area;
- (ii) to provide such facilities for <sup>1</sup>[transport and marketing]<sup>1</sup> of agricultural produce therein as the State Government may from time to time direct;

1. Substituted by Act 17 of 1980 w.e.f.19.5.1995

- (iii) to do such other acts as may be required in relation to the superintendence direction and control of markets or for regulating marketing of agricultural produce in any place in the market area, and for purposes connected with the matters aforesaid, and for that purpose may exercise such powers and discharge such functions as may be provided by or under this Act.



(2) Without prejudice to the generality of the fore-going provision,-

(a) a market committee shall,-

(i) maintain and manage the yards <sup>1</sup>[vesting in the market committee]<sup>1</sup> <sup>2</sup>[and regulate the manner of letting out the premises in the market yard including those belonging to market functionaries in the yard]<sup>2</sup>;

1. Inserted by Act 19 of 1969 w.e.f.1.5.1968

2. Inserted by Act 35 of 1986 w.e.f.17.6.1986

<sup>1</sup>[(ia) provide either independently or along with some other authority necessary facilities for the transport of notified agricultural produce in and to the yard;]<sup>1</sup>

1. Inserted by Act 17 of 1980 w.e.f.19.5.1975

(ii) provide the necessary facilities for the <sup>1</sup>[transport and marketing]<sup>1</sup> of agricultural produce in the yards and outside the markets and sub-markets in the market area;

1. Substituted by Act 17 of 1980 w.e.f.19.5.1975

<sup>1</sup>[(iia) provide facilities such as clearly demarcated adequate space commensurate with demand for direct sale by the producers to consumers for domestic consumption and not for subsequent sale or processing in such manner on such terms, as may be prescribed.]<sup>1</sup>

1. Inserted by Act 20 of 2014 w.e.f.28.02.2014

(iii) grant or refuse licences to market functionaries and renew, suspend or cancel such licences;

(iv) supervise the conduct of the market functionaries;

(v) regulate the opening, closing and suspending of trading in the yards;

(vi) enforce the conditions of the licences;

(vii) regulate the making, carrying out and enforcement or cancellation of agreements of sales, the weighment, delivery, payment and all other matters relating to the marketing of notified agricultural produce;

(viii) Provide for the settlement of all disputes between the seller and the buyer arising out of any kind of transaction connected with the marketing of notified agricultural produce and all matters ancillary thereto;

(ix) collect, maintain and disseminate information in respect of production, sale, storage, processing, prices and movement of notified agricultural produce;

(x) take all possible steps to prevent adulteration of goods and promote grading and standardization of the notified agricultural produce;



- (xi) take measures for maintenance of market stability, by prevention of over-trading and thus decreasing the local risk attendant upon the business of selling and buying notified agricultural produce;
  - (xii) levy, take, recover and receive rates, charges, fees and other sums of money to which the market committee is entitled;
  - <sup>1</sup>[(xiii) contribute to the Floor Price Scheme and Raita Sanjeevini Accidental Insurance Scheme at such rate as may be determined by the Director of Agriculture Marketing]<sup>1</sup>  
**16 . Inserted by Act 8 of 2001 w.e.f.24.1.2001.**
  - <sup>1</sup>[(xiv) set up and promote public private partnership in management of market yards or market sub yards;
  - (xv) promote public private partnership for carrying out extension activities in its area viz., collection, maintenance and dissemination of information in respect of production, sale, storage, processing, value addition, prices and movement of notified agricultural produce.]<sup>1</sup>
  - <sup>2</sup>[(xvi) to make contribution to the Market Development Assistance Fund constituted under section 64-D”].<sup>2</sup>  
**1. Inserted by Act 23 of 2007 w.e.f.16.8.2007.**  
**2. Inserted by Act 21 of 2024 w.e.f.07.03.2024.**
- (b) a market committee may,-
- (i) regulate the entry of persons and vehicular traffic into the yard <sup>1</sup>[vesting in the market committee]<sup>1</sup>;  
**1. Inserted by Act 19 of 1969 w.e.f.1.5.1968**
  - (ii) prosecute persons for violating the provisions of this Act, the rules and the bye-laws and compound such offences;
  - (iii) acquire, hold and dispose of any moveable or immovable property for the purpose of efficiently carrying out its duties;
  - (iv) impose penalties on persons who contravene the provisions of this Act, the rules or the bye-laws or the orders or directions issued under this Act, the rules or the bye-laws by the market committee, its Chairman or by any officer duly authorised in this behalf;
  - (v) institute or defend any suit, action, proceeding, application or arbitration and compromise such suit, action, proceeding, application or arbitration;



(vi) provide facilities such as provision of adequate space for direct sales by a producer and assist a producer by preparing invoices and bills on his behalf when he sells his produce to a trader without employing a commission agent.

<sup>1</sup>[(vii) provide facilities for processing and packaging.]<sup>1</sup>

1. Inserted by Act 14 of 1976 w.e.f.24.1.1976

<sup>1</sup>[(viii) grant loans to the State Agricultural Marketing Board or other market committees.]<sup>1</sup>

1. Inserted by Act 17 of 1980 w.e.f.19.5.1975

<sup>1</sup>[(viii-a) grant loan to the Co-operative marketing or Agricultural Co-operative Processing Societies and any other co-operative society dealing in notified agricultural produce within the market area, having regard to their requirement of working capital in respect of transactions relating to the notified agriculture produce, and subject to such terms and conditions as may be prescribed;

(viii-b) with the prior approval of the Director of Agricultural Marketing contribute shares to the Co-operative Marketing or Agricultural Co-operative Processing Societies established within the market area and dealing in notified agricultural produce;

(viii-c) with the prior approval of the Director of Agricultural Marketing take such steps as are necessary to arrange through Co-operative Societies, for purchase, sale, storage or transport of agricultural produce or for such other matters during the period of disruption of functioning in the market yard or sub-market yard due to strike of any market functionary;

(viii-d) so far as the surplus market fund at its disposal will allow and with the approval of the Director of Agricultural Marketing provide within the market area any infrastructural facilities as may be prescribed for the benefit of the users of the market;]<sup>1</sup>

1. Clauses (viii-a) to (viii-d) inserted by Act 16 of 1991 w.e.f.1.4.1994

<sup>2</sup><sup>1</sup>[(ix) x x x]<sup>1</sup><sup>2</sup>

<sup>1</sup>[(x) provide such short term advances as may be prescribed to producer-sellers in the market area on pledge of notified agricultural produce in favour of the market committee.]<sup>1</sup>

1. Clauses (x) and (xi) Inserted by Act 35 of 1986 w.e.f.17.6.1986

2. Omitted by Act 16 of 1991 w.e.f. 1.4.1994



<sup>1</sup>[(xi) with the prior approval of the State Government donate funds to any Agricultural University to impart instructions in Agricultural Engineering and Research.]<sup>1</sup>

1. Inserted by Act 6 of 1988 w.e.f.19.11.1987

\* (xii)

\* See footnote below section 10

**\*\*63A.**

\*\* See footnote below Section 61

**<sup>1</sup>[64. Appointment of sub-committees:-** The market Committee may appoint one or more sub-committees from among its members consisting of not less than two and not more than five members for the purpose of reporting or giving opinion on any matter referred to it by the market committee.]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f.1.8.1991

**<sup>1</sup>[64A. Duties and responsibilities of a private market yard licensee.-** Subject to the provisions of this Act and rules, it shall be the duty of a private market yard licensee,-

- (a) to provide in the private market yard the necessary infrastructure facilities for making purchases from the growers of notified agricultural produce and for storage, for sale under the conditions of licence granted to him and as per the procedure prescribed;
- (b) to levy and collect registration fees, other charges for the services rendered and utilities provided to the sellers, buyers and all other functionaries registered with or using the private market yard not exceeding such amount as may be prescribed.

**64B. Constitution of revolving fund.-** (1) The State Government shall constitute a fund called revolving fund. The following shall be credited into the said fund, namely:-

- (i) such percentage of service charges as may be notified by the Director of Agricultural Marketing collected by the person who has established the farmer consumer market;
- (ii) contributions collected through market committees towards floor price scheme under section 63(2)(a)(xiii);
- (iii) contributions from the State Government;
- (iv) contributions by the Central Government; and
- (v) from any other sources.

(2) The Managing Director of Agricultural Marketing Board shall operate the Revolving Fund which shall be kept or invested in a Scheduled bank and shall apply the fund for the purpose specified in section 64C.



(3) The Accounts relating to the revolving fund shall be prepared annually and audited by the State Accounts Department. Such audited accounts shall be submitted to the State Government for approval.

**64C. Application of the revolving fund.-** (1) Subject to the provision of this Act and rules made thereunder, the fund shall be utilized for the purpose of,-

- (i) implementation of floor price scheme; and
- (ii) for purchase of notified agricultural produce at minimum support price.

**Explanation.-** (1) For the purpose of this section, “Floor price scheme” means the scheme formulated by the State Government, by order, to protect the interest of farmers against the distress sale of notified agricultural produce by assuring a minimum support price.

(2) “Minimum support price” means the minimum support price fixed by the State Government for purchase of notified agricultural produce (other than the commodities with reference to which minimum support price is fixed by the Government of India) due to fall in market price. While fixing the minimum support price, the State Government may take the following factors into consideration, namely:-

- (a) price of the notified agricultural produce;
- (b) cost of production of such notified agricultural produce;
- (c) recommendation of a technical expert committee, if any, appointed by the State Government for this purpose;
- (d) fair average quality of the commodity;
- (e) reasonable profit margin to the producer.
- (f) such other factors as may be ordered by the Government in the scheme.]<sup>1</sup>

<sup>1</sup> Sections 64A, 64B & 64C inserted by Act 23 of 2007 w.e.f.16.8.2007.

**1[64-D. Establishment of Market Development Assistance Fund.-** (1) The State Government shall establish a fund called as the Market Development Assistance Fund. The Agricultural Produce Market Committees shall remit to the said fund not less than 5% of revenue collected from market fee and license fee, before 15<sup>th</sup> of every month.

(2) The Market Development Assistance Fund shall be administered by a committee consisting of the following members, namely:-

(i)	The Minister for Agricultural Marketing	Ex-officio Chairperson
(ii)	The Secretary to Government, Department of Co-operation	Ex-officio Member



(iii)	The Secretary to Government, Finance Department	Ex-officio Member
(iv)	The Director, Agricultural Marketing and Ex-Officio Managing Director of the Karnataka State Agricultural Marketing Board	Ex-officio Member Secretary

(3) The Managing Director of the Karnataka State Agricultural Marketing Board shall operate the said fund which shall be kept or invested in a Scheduled Bank.

(4) The accounts relating to the fund shall be prepared annually and audited by the State Audit and Accounts Department. Such audited accounts report shall be submitted to the State Government for approval.

**64-E. Application of Market Development Assistance Fund.-** (1) Subject to the provisions of this Act and rules made thereunder, the Market Development Assistance Fund may be utilized for the purpose of development of market yards of financially weak Agricultural Produce Marketing Committees:

Provided that, the Fund may be utilized for any flagship program as suggested by the Chairman.

(2) Such weak Agricultural Produce Marketing Committees shall submit project reports seeking financial assistance for undertaking the development of market yards in their jurisdiction, to the Committee as under sub-section (2) of section 64-D.

(3) Administrating Committee while selecting the financially weak Agricultural Produce Marketing Committees seeking assistance, shall take into account the factors like trade potentiality, availability of resources with the Agricultural Produce Marketing Committee, backwardness of the region, location of the market and the impact on the trade after development etc.]<sup>1</sup>

1. Section 64D & 64E Inserted by Act 21 of 2024 w.e.f.07.03.2024

**1[65. Levy of market fees.-** <sup>2</sup>[(1) x x x]<sup>2</sup>

1. Substituted by Act 24 of 1975 w.e.f.19.5.1975.

2. Omitted by Act 17 of 1980 w.e f. 28.9.1978.

(2) The market committee shall levy and collect market fees from every buyer in respect of agricultural produce bought by such buyer in the market area, at such rate as may be specified in the bye-laws <sup>1</sup>[(which shall not be more than two rupees per one hundred rupees of the value of such produce bought except in case of livestock where the market fee shall not be more than <sup>2</sup>[five rupees per head]<sup>2</sup> of cattle other than sheep or goat, and in the case of sheep or goat such fee shall not be, more than <sup>2</sup>[one rupee per head]<sup>2</sup>]]<sup>1</sup> in such manner and at such times as may be specified in the bye-laws.



<sup>3</sup>[Provided that in the case of any co-operative society doing business in agricultural produce within a market yard, market fee shall be levied and collected at the rate of eighty per cent of the market fee payable under this Act.]<sup>3</sup>

1. Substituted by Act 4 of 1982 w.e.f.4.11.1981

2. Substituted by Act 16 of 1991 w.e.f.1.8.1991

3. Inserted by Act 16 of 1991 w.e.f.1.8.1991

<sup>1</sup>[Provided further that, if on any agricultural produce market fee has already been levied and collected under sub-section (2) in any market area within the State and such agricultural produce is processed and sold in any other market area within the State or exported out side the State it shall be exempted from the levy of market fee.

<sup>1</sup>[Provided also that in case of a buyer in a spot exchange established by a licensee or a licensee for direct purchase of notified agricultural produce or a contract farming sponsor buying from a contract forming producer, market fee shall be levied and collected at the rate of seventy percent of the market fee payable under this Act.]<sup>1</sup>

<sup>2</sup>Provided also that in case of any private markets established under section 72A of the Act, market fee shall be levied and collected at the rate of thirty three percent of market fee payable under this Act, provided that no market fee is leviable on flowers, fruits and vegetables. Instead the Market committee may collect user charges in respect of the above articles, user charges for such services provided by the Market Committee from the buyer of the produce at such rates as may be specified in the bye-laws as approved by the Director of Agricultural Marketing]<sup>2</sup>

1. Inserted by Act 23 of 2007 w.e.f.16.8.2007

2. Inserted by Act 05 of 2014 w.e.f.04.01.2014

**Explanation:** Nothing in this proviso shall apply to,-

(i) any processed agricultural produce imported from out side the State and sold in any market area within the State ; or

(ii) any agricultural produce imported or caused to be imported by any person either on his own account or as an agent for another person, from out side the State into any market area within the State for the purpose of processing or manufacturing except for one's own domestic consumption.]<sup>1</sup>

1. Inserted by Act 22 of 2004 w.e.f. 17.5.2004

<sup>1</sup>[(2A) The market fee payable under this section shall be realised as follows, namely:-

(i) if the produce is sold through a commission agent, the commission agent <sup>2</sup>[shall]<sup>2</sup> realise the market fee from the purchaser and shall be liable to pay the same to the committee;



- <sup>3</sup>[(ia) if the produce is sold by an importer to the purchaser, the importer shall realise the market fee from the purchaser and shall be liable to pay the same to the committee;]<sup>3</sup>
- (ii) if the produce is purchased directly by a trader from a producer, the trader shall be liable to pay the market fee to the committee;
- (iii) if the produce is purchased by a trader from another trader, the trader selling the produce <sup>2</sup>[shall]<sup>2</sup> realise it from the purchaser and shall be liable to pay the market fee to the committee; and
- (iv) in any other case of sale of such produce, the purchaser shall be liable to pay the market fee to the committee.]<sup>1</sup>

1. Inserted by Act 4 of 1982 w.e.f.19.5.1975

2. Substituted by Act 35 of 1986 w.e.f.17.6.1986

3. Inserted by Act Act 35 of 1986 w.e.f.17.6.1986

<sup>1</sup>[(2B) The market fee payable under clauses (i), (ia), (ii) or (iii) of sub-section (2A) shall be paid to the market committee within such time as may be specified in the bye-laws. ]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986

<sup>2</sup>[(3) Notwithstanding anything contained in this Act, if any market committee in the State has already levied and collected market fee under sub-section (2) from a buyer in respect of any agriculture produce as may be specified by the State Government by notification, no market fee shall be levied and collected again in respect of such agricultural produce by any other market committee in the State <sup>3</sup>[XXX]<sup>3</sup> subject to production of such proof as may be prescribed for having collected the market fee]<sup>2</sup>] <sup>1</sup>

1. Section 65 has been Substituted by Act 24 of 1975 w.e.f.19.5.1975

2. Omitted by Act 17 of 1980 w.e.f. 19.5.1975 and again Inserted by Act 10 of 2001 w.e.f. 7.4.2001

3. Omitted by Act 23 of 2007 w.e.f.16.8.2007

<sup>1</sup>[(4) Notwithstanding anything contained in this Act, no market fee is payable for a period of five years by a New Agricultural produce Processing Industries in respect of purchases of agricultural produce by such Processing Industries, in accordance with the Industrial policy of the Government vide Government Order CI 319 SPI 2005, dated 26<sup>th</sup> August 2006.]<sup>1</sup>

1. Subsection (4) inserted by Act 23 of 2007 w.e.f.16.8.2007

<sup>1</sup>[Provided that the existing processing industries who undertake expansion/modernization/diversification shall also be exempted from payment of market fee, for a period of five years from the date of the commencement of the Karnataka Agricultural Produce Marketing (Regulation and Development)(Amendment) Act, 2011 subject to the following conditions, namely:-



- (a) a minimum investment of fifty percent of the earlier investment on fixed assets has to be made;
- (b) the increased production compared to the average of the production made in the previous three years qualifies for exemption under expansion programme;
- (c) raw material used for production of new product other than existing one will be considered for diversification programme;
- (d) the existing units which have replaced all the old machineries with the modern machineries under the modernization programme shall be exempted from payment of market fee on the total raw material purchases for processing capacity only;
- (e) a certificate issued by the Director of Industries and commerce, Government of Karnataka or his nominee certifying that he has fulfilled the above conditions and he is eligible for exemption of fee shall be produced.]<sup>1</sup>

1. Inserted by Act 18 of 2011 w.e.f.06.04.2011.

<sup>1</sup>[(5) No market fee shall be payable for a period of five years, four years and three years from the date of the commencement of the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2011, in case of new agricultural produce processing industries and existing processing industries who undertake expansion/modernization/ diversification in Zone-1, 2 and 3 respectively as identified under Karnataka New Industrial Policy 2009-2014, published in Government Order No. CI/223/SPI/2008, dated 28.02.2009, on the purchases of agricultural produce as specified in Sl. No.II, III, IV, VI, VII, IX and X of the Schedule appended to the Act directly from farmers, subject to the following conditions, namely:-

- (i) A minimum investment of fifty percent of the earlier investment on fixed assets has to be made under expansion/modernization/diversification projects.
- (ii) The increased production compared to the average of the production made in the previous three years qualifies for exemption under expansion program.
- (iii) Raw material used for production of new product other than the existing one shall be considered for diversification programme.
- (iv) The existing units, which have replaced all the old machineries with the modern machineries under the modernization programme shall be exempted from payment of market fee on the total raw material purchases for processing capacity only.



(v) a certificate issued by the Director of Industries and commerce, Government of Karnataka or his nominee certifying that he has fulfilled the above conditions and he is eligible for exemption of fee shall be produced.]<sup>1</sup>

1. Inserted by Act 18 of 2011 w.e.f.06.04.2011.

<sup>1</sup>[(6) Notwithstanding anything contained in this Act, no market fee is payable for a period of ten years by new agricultural produce processing industries,-

- (a) in respect of purchases of agricultural produce by such processing industries in accordance with the Integrated Karnataka Agri-Business Development Policy-2011 of the Government published in the Government Order No. AHD 172 AFT 2010, dated: 05.03.2011;
- (b) on any agricultural produce exported or caused to be exported by any person either on his own account or as an agent for another person from the market area to outside the country;

Subject to the production of a certificate issued by the Director of industries and commerce, Government of Karnataka certifying that he is eligible for exemption of fee.]<sup>1</sup>

<sup>2</sup>[Provided that, no market fee is payable by new agricultural produce processing industries identified under Karnataka New Industrial Policy 2009-14, who have gone into production between the period from 06-04-2011 to 16-03-2013 in respect of purchase of agricultural produce for the extended/ balance period under Integrated Agri-Business Development Policy-2011 as announced in the Karnataka Industrial Policy 2014-19, subject to the production of a certificate issued by the Director of Industries and Commerce, Government of Karnataka, to the effect that the unit is eligible for exemption of fee.]<sup>2</sup>

<sup>2</sup>[(7) Notwithstanding anything contained in this Act, no market fee is payable for a period of ten years by new agricultural produce processing industries in respect of purchases of agricultural produce by such industries in accordance with the Karnataka Agri-Business and Food Processing Policy-2015 of the Government published in the Government Order No. AGD 94 AMS 2015, dated: 11.12.2015, subject to the production of a certificate issued by the Director of Industries and Commerce, certifying that he is eligible for exemption of fee.]<sup>2</sup>

1. Inserted by Act 38 of 2013 w.e.f.16.03.2013.

2. Inserted by Act 51 of 2020 w.e.f. 01.12.2020



**<sup>1</sup>[65A. Power of market committee to impose penalty .-** Where a person fails to pay the market fee payable by him under clause (i), clause (ia), clause (ii) or clause (iii) of sub-section (2A) of section 65, to the market committee on or before the due date, the <sup>2</sup>[market committee shall]<sup>2</sup> in addition to the fee as payable, <sup>3</sup>[x x x]<sup>3</sup>, impose a penalty on such person at such rates not exceeding thirty per cent of the fee due but not less than twelve per cent of the fee due as may be specified in the bye-laws.]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986

2. Substituted by Act 29 of 1987 w.e.f.10.8.1987

3. Omitted by Act 16 of 1991 w.e.f.1.8.1991

**66. Power to order production of accounts and power of entry, inspection and seizure.-** (1) Any officer or servant of the <sup>2</sup>[State Government empowered by it]<sup>2</sup> in this behalf, may, for purposes of this Act, require any person carrying on business in any kind of notified agricultural produce to produce before him the accounts and other documents and to furnish any information relating to the stocks of such agricultural produce, or purchases, sales and deliveries of such agricultural produce by such person and also any other information relating to payment of the market fees by such person.

(2) All accounts and registers maintained by any person in the ordinary course of business in any notified agricultural produce and documents relating to the stock of such agricultural produce or purchases, sales and deliveries of such agricultural produce in his possession and the offices, establishments, godowns, vessels or vehicles of such person shall be open to inspection at all reasonable times by such officers and servants <sup>3</sup>[x x x]<sup>3</sup> as may be authorised by the state Government in this behalf.

(3) If any such officer or servant has reason to suspect that any person is attempting to evade the payment of any market fee due from him under section 65, or that any person has purchased any notified agricultural produce in contravention of any of the provisions of this Act or the rules, or the bye-laws in force in the market area, he may for reasons to be recorded in writing, seize such accounts, registers or documents of such person as may be necessary, and shall grant a receipt for the same and shall retain the same only so long as may be necessary for examination thereof or for a prosecution.

(4) For purposes of sub-section (2) or sub-section (3), such officer or servant may enter or search any place of business, warehouse, office, establishment, godown, vessel or vehicle where such officer or servant has reason to believe that such person keeps or for the time being keeps any accounts, registers or documents of his business, or stocks of notified agricultural produce relating to his business.



(5) The provisions of <sup>1</sup>[section 100 of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974)]<sup>1</sup> shall, so far as may be, apply to a search under sub-section (4).

(6) Where any books of account or other documents are seized from any place and there are entries therein making reference to quantity, quotations, rates, receipt or payment of money or sale or purchase of goods, such books of account or other documents shall be admitted in evidence without witness having to appear to prove the same, and such entries shall be *prima facie* evidence of the matters, transactions and accounts purported to be therein recorded.

<sup>4</sup>[(7) If such officer or servant has reason to suspect that any person is attempting to evade payment of any market fee due from him under section 65, he may, while seizing accounts, registers or documents under sub-section (3) also seize so much of the notified agricultural produce as in his opinion would be sufficient to meet the amount of fee which may be found due from such person and also the penalty leviable under section 65A, and retain the same with him until the fee and the penalty are paid or for ten days, whichever is earlier. After the expiry of the period of ten days if the fee or other amount due is not paid, the officer or servant shall dispose of the notified agricultural produce in public auction and adjust the sale proceeds towards the fee or other amount due. If the sale proceeds are more than the fee or other amount due, the excess amount shall after deducting the charges incurred by the market committee, be refunded in the prescribed manner:

Provided that in the case of perishable notified agricultural produce the officer or servant may dispose of the same before the expiry of the period of ten days if in his opinion such disposal is necessary.]<sup>4</sup>

1. Substituted by Act 17 of 1980 w.e.f. 30.6.1979.

2. Substituted by Act 35 of 1986 w.e.f.17.6.1986.

3. Omitted by Act 35 of 1986 w.e.f.17.6.1986.

4. Inserted by Act 35 of 1986 w.e.f.17.6.1986.

**67. Power to stop vehicles, etc.-** (1) At any time when so required by any officer or servant of <sup>1</sup>[the State Government empowered by it in this behalf]<sup>1</sup>, the driver or any other person in charge of any vehicle, vessel or other conveyance, which is taken <sup>1</sup>[out of the market area or moving in]<sup>1</sup> shall stop the vehicle, vessel, or other conveyance, as the case may be, and keep it stationary as long as may reasonably be necessary, and allow such officer or servant to examine the contents in the vehicle, vessel or other conveyance and inspect all records relating to the notified agricultural produce carried, and give his name and address and the name and address of the owner of the vehicle, vessel or other conveyance and of the owner of the notified agricultural produce carried in such vehicle, vessel or other conveyance.



<sup>1</sup>[(2) If such officer or servant has reason to suspect that any fee or other amount due under this Act has not been paid in respect of the notified agricultural produce taken out of or being transported in, the market area in any vehicle, vessel or other conveyance, he may seize so much of the notified agricultural produce as in his opinion would be sufficient to meet the amount of fee or other amount due and retain the same with him until the fee or other amount due is paid or for ten days, whichever is earlier. After the expiry of the period of ten days, if the fee or other amount due is not paid, the officer or servant shall dispose of the notified agricultural produce in public auction and adjust the sale proceeds towards the fee or other amount due. If the sale proceeds are more than the fee or other amount due, the excess amount shall, after deducting the charges incurred by the market committee, be refunded in the prescribed manner:

Provided that in the case of perishable notified agricultural produce the officer or servant may dispose of the same before the expiry of the period of ten days if in his opinion such disposal is necessary.]<sup>1</sup>

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**68. Power to borrow.-** (1) A market committee may with <sup>1</sup>[the prior approval of the Director of Agricultural Marketing borrow money from the Board or a Scheduled Bank or any other public finance institutions]<sup>1</sup> required for carrying out the purposes for which it is established on the security of any property vested in it and of any fees leviable by it under this Act.

<sup>2</sup>[(2) x x x

(3) x x x]<sup>2</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.

2. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.

**69. Acquisition of lands.-** (1) If at any time after a notification is issued under section 4, the market committee <sup>1</sup>[or the Board]<sup>1</sup> or the State Government is of opinion that any land is needed for the purposes of this Act, the State Government may, proceed to acquire it under the provisions of the Land Acquisition Act, 1894:

Provided that once a proposal is made by the market committee <sup>1</sup>[or the Board]<sup>1</sup> it shall not be withdrawn by it except for such reasons as may be approved by the State Government:

<sup>2</sup>[Provided further that if the local authority concerned is unable to provide land or other facilities for establishment or development of rural shandies, the State Government may acquire land for that purpose.]<sup>2</sup>



(2) When such land vests in the State Government, it shall be transferred by the State Government to the market committee <sup>1</sup>[or the Board]<sup>1</sup> on payment by the market committee <sup>1</sup>[or the Board]<sup>1</sup> of the compensation awarded under the Land Acquisition Act, 1894, within such period and in such manner as the State Government may, by general or special order, determine, and on such transfer, the land shall vest in the market committee <sup>1</sup>[or the Board]<sup>1</sup>.

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986.

2. Inserted by Act 16 of 1991 w.e.f.1.8.1991.

**70. Composition of offences.-** (1) The market committee <sup>1</sup>[or any officer or servant authorised by the State Government under section 66 or section 67]<sup>1</sup> may accept from any person who has committed or is reasonably suspected of having committed an offence (other than such offences as may be prescribed) against this Act or the rules or bye-laws, by way of composition of such offence,-

(a) where the offence consists of the failure to pay or the evasion of any fee, or other amount recoverable under this Act or the rules or the bye-laws, in addition to the fee or other amount so recoverable, a sum of money not exceeding five hundred rupees or <sup>2</sup>[three times the amount]<sup>2</sup> of the fee or other amount whichever is greater; and

(b) in other cases, a sum of money not exceeding five hundred rupees.

(2) On the composition of any offence under sub-section (1), no proceeding shall be taken or continued against the person concerned in respect of such offence, and if any proceedings in respect of that offence have already been instituted against him in any court the composition shall have the effect of his acquittal.

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986

2. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**<sup>1</sup>[71. Power to write off irrecoverable amount.-** A market committee may write off any amount (other than market fee) whatsoever due to it, whether under a contract or otherwise, or any amount payable in connection therewith if in its opinion such amount is irrecoverable:

Provided that the market committee shall before writing off any such amount, obtain the sanction of,-

(i) the Director of Agricultural Marketing, if the amount exceeds five hundred rupees but does not exceed five thousand rupees;

(ii) the State Government, if the amount exceeds five thousand rupees;]<sup>1</sup>

1. Substituted by Act 16 of 1991 w.e.f.1.8.1991



## CHAPTER VII

### REGULATION OF TRADING

**72. Grant of licences.-** (1) Subject to the provisions of this Act and the rules made in this behalf, a market committee may <sup>2</sup>[on an application made by any person in such form as may be prescribed and]<sup>2</sup>, after making such inquiries as it deems fit grant or renew a licence for the use of any place in the market area for the sale of the notified agricultural produce or for operating therein as a <sup>3</sup>[x x x]<sup>3</sup> commission agent, broker, processor, weighman, measurer, surveyor, warehouseman or any other market functionary in relation to the marketing of agricultural produce; or may, after recording its reasons in writing therefor, refuse to grant or renew any such licence.

(2) Licences may be granted under sub-section (1), in such forms for such periods on such terms and conditions and restrictions (including provision for prohibiting brokers and commission agents from acting in any transaction both as buyer or seller or on behalf of both the buyer and seller, and also provision for prohibiting brokers from acting in any transaction, <sup>1</sup>[x x x]<sup>1</sup> for prescribing the qualifications and disqualifications of licensees, the circumstances in which licences may be refused, suspended or cancelled and prescribing the manner in which and the places at which auctions of agricultural produce shall be conducted and the delivery of agricultural produce shall be made in any market or market area) and on payment of fees not being in excess of such maxima, as may be prescribed.

(3) The market committee or its Chairman, if so authorised by the committee, may grant a temporary licence for a period of not more than one month to any <sup>3</sup>[x x x]<sup>3</sup> not ordinarily resident in the market area to operate in the market yard or sub-yard on payment of such fee as may be fixed by the market committee subject to the condition that he shall not purchase any agricultural produce except by payment of the price in cash.

<sup>4</sup>[(4) The Director of Agricultural Marketing or the Officer authorised by him may grant a trader license in such manner and in such form as may be prescribed to operate as trader in any of Agricultural Produce Marketing Committee yards/private markets in the State. The existing licensee shall obtain a fresh trader licence within a period of six months from the date of commencement of the Karnataka Agricultural Produce Marketing (Regulation and Development) (Second Amendment) Act, 2013]<sup>4</sup>

1. Omitted by Act 35 of 1986 w.e.f.17.6.1986.
2. Inserted by Act 16 of 1991 w.e.f.1.4.1994.
3. Omitted by Act 05 of 2014 w.e.f.04.01.2014.
4. Inserted by Act 05 of 2014 w.e.f.04.01.2014.



**<sup>1</sup>[72A. Establishment of private market yards and direct purchase from agriculturist or from producer.- (1) No person shall,-**

- (a) establish, a private market yard; or
- (b) purchase notified agricultural produce directly from an agriculturist; or
- (c) establish a farmer consumer market;

unless he possess a valid licence issued under the provisions of this Act or rules made thereunder.

(2) Subject to such conditions and such fees as may be prescribed, the Director of Agricultural Marketing or any other officer authorised by him may grant a licence for purchase or sale of notified agricultural produce by establishing private market yards or to purchase notified agricultural produce directly from the agriculturist in one or more market area for the purpose of, -

- (a) processing of the notified agricultural produce;
- <sup>1</sup>[(b) establish a Direct Purchase Center to purchase notified agricultural produce directly from an agriculturist; or]<sup>1</sup>
- (c) export of notified agricultural produce;
- (d) grading, packing and transaction in other way by value addition of notified agricultural produce.

**1. Substituted by Act 05 of 2014 w.e.f.04.01.2014**

**72B. Establishment of farmer - consumer market for direct sale by the producer.-**

(1) Subject to such conditions and such fees as may be prescribed, the Director of Agricultural Marketing or any other officer authorised by him, may grant licence to establish farmer - consumer market in the market area.

(2) Farmer - consumer market may be established by any person in any place in the market area by developing infrastructure as may be prescribed. At such place producers of notified agricultural produce may sell their produce directly to the consumer:

Provided that the consumer shall not purchase more than such quantity of a notified agricultural produce at a time in the farmer - consumer market as may be specified by the Director of Agricultural Marketing in the notification from time to time.

(3) The person who has established the Farmer - Consumer Market may collect service charges as may be specified in the notification issued by the Director of Agricultural Marketing from time to time.



**72C. Grant /Renewal of licence of private market yard and farmer-consumer market.-** (1) Any person who,-

- (a) under section 72A desires to purchase notified agricultural produce directly from the agriculturist or wishes to establish a private market yard; or
- (b) under section 72B desires to establish farmer-consumer market in one or more in the market area;

shall apply to the Director of Agricultural Marketing or authorised officer for grant or renewal of licence, as the case may be, in the manner and for the period, as may be prescribed.

(2) Along with every such application for licence, fee prescribed shall be deposited.

(3) Application received under sub-section (1) for grant or renewal of licence may be accepted or rejected for reasons recorded in writing by the concerned authority, as the case may be. No licence shall be granted to an applicant, where,-

- (i) the market committee dues are outstanding against the applicant;
- (ii) the applicant is a minor or not bonafide;
- (iii) the applicant has been declared defaulter under the Act and rules and bye-law made thereunder;
- (iv) the applicant having been declared guilty in any criminal case and convicted by imprisonment;
- (v) the concerned authority is satisfied that the applicant don't possess the infrastructure credentials, experience or adequate capital for investment or any other requirements as may be prescribed for establishment of a private market yard or farmer -consumer market; or
- (vi) for any other reasons as the licencing authority deems appropriate.

(4) All the licences granted or renewed under this section shall be subject to provisions of this Act or rules made thereunder.

**72D. Power to cancel or suspend licence.-** (1) Subject to the provisions of sub-section (3), the Director of Agricultural Marketing or authorised officer who has issued licence under section 72C '[or section 72 (4)]' as the case may be, for the reasons to be communicated to the licence holder in writing, suspend or cancel, licence,-

- (a) if the licence has been obtained through willful misrepresentation or fraud; or



- (b) if the holder of the licence or any servant or anyone acting on his behalf with his (licence holder's) expressed or implied permission, commits a breach of any of the terms or conditions or licence;
- (c) if the holder of the licence himself or in combination with other licence holder commits any act or abstains from carrying on his normal business in the market area with the intention of willfully obstructing, suspending or stopping the marketing of notified agricultural produce in the private market yard/sub market yard and in consequence whereof the marketing of any notified agricultural produce has been obstructed, suspended or stopped;
- (d) if the holder of the licence has become an insolvent;
- (e) if the holder of the licence incurs any disqualification, as may be prescribed; or
- (f) if the holder of the licence is convicted of any offence under this Act then within one year of the conviction if the conviction is for the first time and within three years for subsequent conviction.

(2) Notwithstanding anything contained in sub-section (1), but subject to the provisions of sub-section (3), the Director of Agricultural Marketing may, for the reasons to be communicated in writing to the licence holder, by order suspend or cancel his/its licence granted or renewed by the authorised officer:

Provided that no order under this sub-section shall be made without intimation to the authorised officer.

(3) No licence shall be suspended or cancelled under this section without giving a reasonable opportunity of being heard to its holder to show cause against such suspension or cancellation.

1. Inserted by Act 05 of 2014 w.e.f.04.01.2014 .

**72E. Appeal.-** (1) Any person aggrieved by an order of the Director of Agricultural Marketing or authorised officer, be passed under sections 72C and 72D, as the case may be, prefer an appeal,-

- (a) to the Director of Agricultural Marketing, where such order is passed by the authorised officer within thirty days of receipt of the order; and
- (b) to the Karnataka Appellate Tribunal, where such order is passed by the Director of Agricultural Marketing within thirty days of receipt of the order, in such manner, as may be prescribed.

(2) The Appellate Authority, if it considers it necessary so to do, grant a stay of the order appealed against for such period as it may deem fit.



(3) The order passed by the Director of Agricultural Marketing or the authorised officer shall, subject to the order in the appeal under this section, be final.]<sup>1</sup>

1. Sections 72A, 72B, 72C, 72D & 72E inserted by Act 23 of 2007 w.e.f.16.8.2007.

**73. Power to cancel or suspend licences.-** (1) Subject to the provisions of sub-section (4), a market committee may, for reasons to be recorded in writing, suspend or cancel a licence,-

- (a) if the licence has been obtained through wilful misrepresentation or fraud;
- (b) if the holder thereof or any servant or any one acting on his behalf with his express or implied permission, commits a breach of any of the terms or conditions of the licence;
- (c) if the holder of the licence in combination with other holders of licences commits any act or abstains from carrying out his normal business in the market with the intention of wilfully obstructing, suspending or stopping the marketing of agricultural produce in the market area, in consequence whereof the marketing of any produce has been obstructed, suspended or stopped;
- (d) if the holder of the licence has become an insolvent ;

<sup>2</sup>[(dd) if the holder of the licence fails to pay the market fee due along with the penalties specified in the bye-laws;]<sup>2</sup>

<sup>4</sup>[(de) if the holder of licence fails to pay the price to the producer seller immediately after sale;]<sup>4</sup>

- (e) if the holder of the licence incurs any disqualification as may be prescribed; or
- (f) if the holder is convicted of any offence under this Act.

(2) (a) Subject to the provisions of sub-section (4), the Chairman of a market committee may, for reasons to be recorded in writing, suspend a licence for a period of not more than one month for any reason for which a market committee may suspend a licence under sub-section(1).

(b) Subject to the provisions of sub-section (4), the Secretary of a market committee may, for reasons to be recorded in writing, suspend a licence for a period of not more than one week for any reason for which a market committee may suspend a licence under sub-section(1).

(3) Notwithstanding anything contained in sub-section (1), but subject to the provisions of sub-section (4), the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> may, for reasons to be recorded in writing, by order suspend or cancel any licence granted or renewed under this Chapter:



Provided that no order under this sub-section shall be made without notice to the market committee. <sup>3</sup>[or any other person likely to be affected, as the case may be]<sup>3</sup>

(4) No licence shall be suspended or cancelled under this section, unless the holder thereof has been given a reasonable opportunity to show cause against such suspension or cancellation.

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986.

2. Inserted by Act 29 of 1987 w.e.f.10.8.1987.

3. Inserted by Act 23 of 2007 w.e.f.16.8.2007.

4. Inserted by Act 16 of 1991 w.e.f.1.8.1991

**74. Appeal.-** (1) Any person aggrieved by an order, -

(a) of the market committee refusing to grant or renew a licence, or cancelling a licence, or suspending any licence may, within thirty days from the date on which the order is communicated to him, appeal to the <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup>;

(b) of the Chairman <sup>4</sup>[x x x]<sup>4</sup> suspending any licence may, within seven days from the date on which the order is communicated to him, appeal to the market committee;

<sup>5</sup>[(bb) of the Secretary suspending any licence may within seven days from the date on which the order is communicated to him, appeal to the Chairman;]<sup>5</sup>

(c) of the <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup> cancelling or suspending a licence may, within thirty days from the date on which the order is communicated to him, appeal to the State Government.

<sup>2</sup>[(d)of the <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup> under sections 9 and 61, may, within sixty days from the date on which the order is communicated to him, appeal to the <sup>6</sup>[State Government.]<sup>6</sup>]<sup>2</sup>

<sup>5</sup>[(1A)Any appeal under sub-section (1) pending before the Government, or the Market Committee as against the order of the Secretary shall, on the date of commencement of the Karnataka Agricultural Produce Marketing (Regulation) and Certain other Laws (Amendment) Act, 1991 stand transferred respectively to the Karnataka Appellate Tribunal and the Chairman and such appeal shall be decided by it or him as if it had been filed before it or him.]<sup>5</sup>

<sup>1</sup>[(1-B) Any appeal under sub-section (1) pending before the Karnataka Appellate Tribunal on the date of commencement of the Karnataka Agricultural Produce Marketing (Regulation and development) (Amendment) Act, 2009 shall stand transferred to the State Government and such appeal shall be decided by it as if such appeal had been filed before it.]<sup>1</sup>



(2) The <sup>3</sup>[Director of Agricultural Marketing]<sup>3</sup>, the market committee <sup>7</sup>[<sup>1</sup>[the State Government]<sup>7</sup> <sup>3</sup>[or the Chairman]<sup>3</sup>]<sup>1</sup>, as the case may be shall, on such appeal, make such order as he or it deems just and proper.

1. Substituted by Act 17 of 1980 w.e.f.3.11.1979.
2. Inserted by Act 17 of 1980 w.e.f.3.11.1979
3. Substituted by Act 35 of 1986 w.e.f.17.6.1986
4. Omitted by Act 16 of 1991 w.e.f.1.8.1991
5. Inserted by Act 16 of 1991 w.e.f.1.8.1991.
6. Substituted by Act 16 of 1991 w.e.f.1.8.1991 and again Substituted by Act 18 of 2010 w.e.f.16.4.2010.
7. Substituted by Act 18 of 2010 w.e.f. 16.04.2010.

<sup>1</sup>[**75. Payment of price.-** (1) Subject to such deductions, if any as are authorized to be deducted according to this Act or the rules or the bye-laws or under any other law for the time being in force, by way of,-

- (i) fees;
- (ii) market charges;
- (iii) taxes; and
- (iv) the advances, if any, on the goods made as evidenced by authentic vouchers with interest which shall not be more than the rates charged by the Scheduled Banks if any, due thereon;

the price of the goods sold in the market yard and outside the market or the sub-market in the market area shall be paid to the seller by the buyer in cash or cheque, immediately after the sale except in a case where a commission agent, if any, agrees in writing, in the form prescribed by the bye-laws, to give delivery to the buyer on credit of a term which shall in no case exceed the maximum period of credit prescribed by the bye-laws, if any.

(2) In case buyer does not make payment under sub-section (1), he shall be liable to make additional payment at the rate of one percent per day of the total price of the notified agricultural produce payable to the seller within five days.

(3) In case buyer does not make payment with additional payment to the seller under sub-section (1) and (2) above, within five days from the day of such purchase his licence or registration as the case may be shall be deemed to have been cancelled on the sixth day and he shall not be registered or granted any licence or permitted to operate in any market area within the State under this Act for a period of one year from the date of such cancellation.]<sup>1</sup>

1. Substituted by Act 23 of 2007 w.e.f.16.8.2007.



**76. Sale of agricultural produce.-** The sale price of notified agricultural produce sold in the market area shall be determined either by tender system or by public auction or by open agreement or by sample or by reference to a known standard or in such other manner as may from time to time be directed, with the previous approval of the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup>, by the market committee.

<sup>2</sup>[Provided that in respect of any private market yard, or in case of direct purchase of notified agricultural produce by a licensee under section 72C, the price determination shall be in such manner as may be directed by the Director of Agriculture Marketing from time to time.]<sup>2</sup>

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986.

2. Inserted by Act 23 of 2007 w.e.f.16.8.2007.

**77. Agreement of sale.-** Every licensed trader who buys notified agricultural produce shall at such time enter in to a written agreement with the seller in such form as may be prescribed by the bye-laws. The agreement shall be executed in triplicate, of which one copy shall be retained by the buyer, one copy shall be retained by the seller and the third copy shall be submitted to the market committee for record.

**\*77A.**

\* See foot note below section 10

**\*\*<sup>1</sup>[78. Commission agent's commission and responsibility.-** (1) A commission agent shall recover his commission only from the buyer at such rates not exceeding two percent of the price, for which the agricultural produce is sold as may be specified in the bye-laws:

Provided that in the case of agricultural produce like fruits, vegetables and flowers, a commission agent may charge commission at such rates not exceeding five percent of the price for which such agricultural produce is sold as may be specified in the bye-laws.

(2) A commission Agent shall,-

- (a) arrange for the storage of the goods of the seller;
- (b) keep the goods of the seller in safe custody and adequately insured against fire, theft or flood, rain or any other natural calamities; and
- (c) pay the seller in cash the price of the goods as soon as such goods are sold.]<sup>1</sup>

\*\* See foot note section 61 and foot note below section 10

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**<sup>1</sup>[78A. Additional Payment etc., by Commission Agent in case of default.-** In case the commission agent does not make payment under clause (c) of sub-section (2) of section 78, he shall be liable to make additional payment at the rate of one percent per day of the total price of the notified agricultural produce payable to the seller within five days, failing



which his licence or registration as the case may be shall, liable to be cancelled on the sixth day and he shall not be registered or granted any licence or permitted to operate in any market area within the State under this Act for a period of one year from the date of such cancellation.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f.16.8.2007

<sup>1</sup>[**78-B. Responsibility of Warehouse service provider.-** (1) A warehouse service provider shall receive his service charge only from the buyer of the notified agricultural produce which shall not exceed five percent of the price for which such notified agricultural produce is sold in respect of fruits, vegetables, flowers and two percent in all other notified produce.

(2) A warehouse service provider, -

(i) shall arrange for the safe custody of the goods of the seller and storage of notified agricultural produce and adequately insure against fire, theft, flood, rain or any other natural calamities;

(ii) shall provide for fire fighting arrangements, electronic weighment and facilities for e-trading, assaying facilities, quality certification, display of prices of commodities in the markets and other facilities to be provided as notified by the Director of Agricultural Marketing; and

(iii) A warehouse service provider shall make arrangements for pledge loan facility.

(3) In case the payment of price is not made under section 78 of the Act, A warehouse service provider shall be liable to make additional payment at the rate of one percent per day of the total price of the notified agricultural produce payable to the seller within five days, failing which the declaration of the warehouse for the purpose of warehouse based sales shall be cancelled.]<sup>1</sup>

1. Inserted by Act 19 of 2025 w.e.f. 25.03.2025

**79. Prohibition of certain collections.-** (1) No market functionary shall solicit or receive remuneration for his services by way of commission, fees, charges or in any other form except as prescribed by the rules or bye-laws.

(2) No commission agent and no other market functionary shall solicit or receive, recover or collect market charges or fees or taxes from any person other than those permissible under this Act or the rules or bye-laws or under any other law for the time being in force.

(3) No market functionary shall solicit, receive, recover or collect any contribution in cash or in kind for any function, or for any religious, educational or charitable purpose from a producer or seller with whom he operates as a market functionary.



**<sup>1</sup>[79A. Market charges by whom payable.-** All market charges payable after the sale of the agricultural produce shall be recovered from the buyer.]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986

**80. No deductions in weight or payment other than those specified.**-(1) No market functionary and no other person shall make, give, allow, receive or recover any deductions in weight or payment or any other allowance in respect of any transaction relating to notified agricultural produce other than those provided in this Act, the rules or the bye-laws; and no civil court shall, in any suit or proceeding arising out of any such transaction, entertain or allow any claim for any deduction or allowance not so provided for.

(2) For the purpose of sub-section (1), the following deductions shall be deemed to be permissible deductions, namely:-

- (i) deduction of the weight of the container where the price fixed according to the bye-laws or the standing orders of the market committee relates only to the goods contained in the container and either a separate price is fixed for the container or the container is to be retained by the seller or the container is made of such material and is of so negligible value that it is permitted to be delivered to the buyer without payment of any price in accordance with the bye-laws or the standing orders of the market committee;
- (ii) deduction in weight on account of driage of raw produce as shall be fixed by the bye-laws or standing orders of the market committee, where according to such bye-laws or the standing orders, the produce is required to be weighed and the weight recorded as soon as it is entrusted to the commission agent for sale and there is no likelihood of the produce being sold on the same day on which it is so entrusted;
- (iii) deduction in weight or price, on account of deviation from sample or known standard, made in accordance with the decision of the authority entrusted with settlement of disputes under this Act, where the purchase is made by sample or by reference to a known standard;
- (iv) deduction in weight or price, on account of the detection of adulteration not readily detectable on customary examination made in accordance with the decision of the authority entrusted with settlement of disputes under this Act.

(3) The <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> shall ensure that deductions under clause (i) of sub-section (2) are uniform in all the market areas in the State in respect of similar types of containers and that deductions under clause (ii) of sub-section (2) do not materially vary in markets located in areas with similar climatic conditions.



1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**81. Reports by market functionaries.-** Every licensed trader, commission agent, ginner, presser, processor, warehouseman, importer, exporter, stockiest and any other market functionary operating in the market area <sup>1</sup>[except the licensee of a private market and farmer - consumer markets]<sup>1</sup> shall maintain accounts in such manner and submit to the market committee or to the officer specified by the committee in this behalf such periodical reports and returns at such times and in such forms as may be prescribed by the rules or bye-laws or as the market committee may by standing orders from time to time direct.

<sup>1</sup>[Provided that if the market functionary fails to file the returns within the stipulated time, the market committee shall impose a penalty which shall not be less than rupees one thousand but shall not exceed rupees five thousand.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f.16.8.2007.

**<sup>1</sup>[81A. Reports by private market licensee, farmer - consumer market licensee.-** Every private market licensee, licensee for direct purchase and farmer – consumer market licensee shall maintain accounts in such manner and submit to the Director of Agricultural Marketing or to the officer authorised by him in this behalf, such periodical reports and returns in such forms as specified by the Director of Agricultural Marketing from time to time:

Provided that if the licensee specified above fails to file the returns within the stipulated time, the Director of Marketing shall impose a penalty which shall not be less than rupees one thousand but shall not exceed rupees five thousand.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f.16.8.2007.

**82. Assistance by the market functionaries.-** Every market functionary shall render such assistance in the collection and the prevention of the evasion of payment of fees or other amounts due under this Act, the rules and the bye-laws, and in the prevention of the breach of the provisions of this Act, the rules and the bye-laws, as may be required by the market committee.

**<sup>1</sup>[82A. No market functionary to participate in strike, etc.-** No market functionary shall without giving a notice of not less than seven days to the market committee, participate in any demonstration or strike.]<sup>1</sup>

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986

**83. Production of account books, etc., by market functionaries.-** (1) If any market functionary fails to send any report or return in accordance with the provisions of section 81, or if the committee considers it necessary to examine the account books relating to the business of any market functionary to satisfy itself about the correctness of any report or return submitted by him or for any other sufficient reason, the market committee may direct such functionary to produce before it or before any officer specified by it in this behalf, the



account books and other relevant books and documents, for inspection, and to explain the contents thereof.

(2) If any market functionary fails, without sufficient cause to comply with the direction of the market committee under sub-section (1), the market committee may, without prejudice to any other action against such functionary, after such inquiry as may be prescribed, direct him to pay such amount as may be prescribed by the bye-laws as penalty to the committee.

**<sup>1</sup>[83A. Best of judgement assessment of market fee.-** (1) If a market functionary fails to submit reports and returns under section 81 and fails to comply with any notice by the market committee, the market committee may, without prejudice to any other action against such functionary, after such inquiry as it deems necessary assess the market fee payable by such market functionary during the period in question to the best of its judgement and direct him to pay such fee together with such penalty not exceeding three times the market fee so assessed.

(2) Any market functionary aggrieved by an order of the market committee under sub-section (1) may, within thirty days from the date of communication of such order appeal to the Director of Agricultural Marketing or an officer authorised by him in this behalf whose decision is final.]<sup>1</sup>

<sup>2</sup>[(3) No appeal under sub-section (2) shall be entertained by the Director of Agricultural Marketing unless it is accompanied by satisfactory proof for having deposited the amount in question with the Market Committee concerned.]<sup>2</sup>

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986.

2. Inserted by Act 16 of 1991 w.e.f.1.8.1991.

**84. Provision for settlement of disputes.-** (1) For the purpose of settling disputes between producers, buyers and sellers, or their agents, including any disputes regarding the quality or weight of, or payment for, any agricultural produce, or any matter in relation to the regulation of marketing, of agricultural produce in the <sup>1</sup>[market yard, market sub yard or sub market-yard, as the case may be]<sup>1</sup> the market committee of that area shall appoint a panel of arbitrators periodically consisting of agriculturists, traders and commission agents, and constitute a Disputes Committee from among its members in such manner as may be prescribed.

(2) Rules shall be made regulating the procedure for settlement of disputes, the authority or authorities for settling the disputes and appeals from the decisions of such authorities, payment of fees by parties for settlement of disputes, by an arbitrator or arbitrators and all other matters connected with such settlement including the extent to which



the provisions of the Arbitration Act, 1940, shall be applicable to arbitrations under this section.

(3) Subject to the rules made under sub-section (2), a market committee may make bye-laws regulating the details in respect of settlement of disputes relating to transactions in notified agricultural produce in the market area.

(4) Notwithstanding anything contained in any law, no suit or other legal proceeding shall be entertained by any court in respect of disputes referred to in sub-section (1), without the previous sanction of the market committee.

1. Substituted by Act 23 of 2007 w.e.f.16.8.2007.

**<sup>1</sup>[84A. Provision for settlement of disputes between producer, buyer, seller, private market licensee, licensee for direct purchase or farmer-consumer market licensee.-** (1) Any dispute between the producer, buyer, seller and the private market licensee, licensee for direct purchase, farmer-consumer market licensee shall be referred to the Director of agricultural marketing or any subordinate officer authorised by him in this regard. The Director of Agricultural Marketing or the authorised officer shall resolve the dispute after giving both parties a reasonable opportunity of being heard, in the manner as may be prescribed.

(2) Any person aggrieved by the order of such officers under sub-section (1) may appeal to the Karnataka Appellate Tribunal within thirty days from the date of communication of the order.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f.16.8.2007.

**\*<sup>1</sup>[85. Security by traders.-** (1) No trader shall buy or take delivery of any goods from any commission agent on credit and no trader's licence shall be granted to any person who intends to buy or take delivery of goods from commission agents on credit unless he has deposited with or furnished to, the market committee cash security or a bank guarantee of not less than rupees one thousand.

(2) No licenced trader shall buy or take delivery of goods, from licenced commission agents in the yard so as to remain indebted to such agents on account of the purchases of goods to such an extent as the security or guarantee deposited or furnished by him falls short of such percentage as shall be provided in the bye- laws which shall not be less than one percent of the aggregate amount of the indebtedness arising out of such credit purchases.]<sup>1</sup>

\*. See foot note below section 61

1. Substituted by Act 29 of 1987 w.e.f.10.8.1987

**\*86. Security by commission agents.-** (1) No person shall act as a commission agent and no commission agent's licence shall be granted to any person unless he has deposited



with or furnished to the market committee cash security or a bank guarantee of <sup>1</sup>[not less than one thousand rupees but not exceeding five thousand rupees as may be specified in the bye laws.]<sup>1</sup>

\* See footnote below section 61

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

<sup>2</sup>[(2) x x x]<sup>2</sup>

2. Omitted by Act 35 of 1986 w.e.f.17.6.1986

**87. Deposit of cash security in bank.-** The cash security deposited by a trader or commission agent shall not form part of the Market Fund but shall be deposited by the market committee in such bank situated in the place where the office of the market committee is located, as the trader or commission agent may specify. The amount of security shall be deemed to have been enhanced to the extent of the interest credited by the bank in respect of the security held in deposit.

**88. Charge on security and refund of security deposit.-** (1) The security deposited or a bank guarantee furnished by a licensee under section 85 or 86 shall be liable to forfeiture by the market committee for any default made by the licensee in payment of any money payable by him to the market committee <sup>1</sup>[or producer, seller]<sup>1</sup> to any other market functionary under this Act or the rules or bye-laws made thereunder.

(2) The security deposited a bank guarantee furnished by a licensee under section 85 or 86 shall be subject to a first charge in favour of the market committee for all sums due to the committee by the licensee.

(3) (a) The security deposited or a bank guarantee furnished by a trader shall be subject to a second charge in favour of such of the commission agents as the trader shall be indebted to in respect of the credit purchases, for the total amount of such indebtedness.

(b) The security deposited or a bank guarantee furnished by a commission agent, shall be subject to a second charge in favour of such of the principals as the commission agent shall be indebted to in respect of the sales of their goods, for the total amount of such indebtedness.

(4) The bank guarantee furnished by the licensee under section 85 or 86 shall be unconditional and the amount guaranteed by the bank or part thereof as the market committee may demand shall be payable to the market committee on demand. No other kind of bank guarantee shall be accepted by the market committee under sections 85 and 86.

(5) Subject to the provisions of this Act and the rules and bye-laws, the cash security deposit made by any trader or commission agent with the market committee shall be



refunded to him within twelve months from the date of his ceasing to be a licensee, if the market committee is satisfied that there are no liabilities due by the depositor either to the market committee or to any of the creditors who have a second charge on such deposit in respect of the transactions for which the security is deposited.

(6) The security amount deposited or bank guarantee furnished shall be deemed to be held in trust for the purposes for which it is made and shall not be used or utilised for any purpose of the market committee, nor shall it be liable to levy of attachment or execution by any court or other authority for any other purpose.

(7) The market committee may make bye-laws to carry out the purposes of sub-sections (1), (2), (3), (4), and (5).

1. Inserted by Act 35 of 1986 w.e.f.17.6.1986

**89. Power of committee and Chairman to impose penalties.-** (1) A market committee and its Chairman shall have the power by order to impose the penalties of censure and fine on any market functionary or <sup>1</sup>[seller]<sup>1</sup> for contravention of any bye-law, after giving the person concerned a reasonable opportunity to be heard:

Provided that the market committee shall not be competent to impose fine exceeding <sup>1</sup>[one hundred]<sup>1</sup> rupees and the Chairman shall not be competent to impose fine exceeding <sup>1</sup>[twenty-five]<sup>1</sup> rupees.

(2) An appeal against an order under sub-section (1) shall lie to the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> or such officer sub-ordinate to him as he may specify, within such period as may be prescribed.

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

## CHAPTER VIII

### THE MARKET FUND

**90. Market Fund, its custody and investment .-** (1) Save as provided in sub-section (2), all moneys received by a market committee by way of market fees, licence fees or other fees or charges, all moneys realised by way of penalty, all loans raised by the committee, and all grants, loans or contributions made by the State Government to the committee shall form part of a fund to be called the Market Fund.

(2) Save as otherwise provided in this Act, any money received by the market committee by way of arbitration fee or as security for costs in arbitration proceedings relating to disputes or any money received by the committee by way of security or contributory provident fund and such other moneys received by the committee as may be provided in the rules or bye-laws shall not form part of the Market Fund, and shall be kept in such manner as may be prescribed.



<sup>1</sup>[(3) Save as otherwise provided in this Act, the amount to the credit of the market fund and all other moneys received by the market committee shall be kept or invested, -

- (a) in the Karnataka State Co-operative Apex Bank; or
- (b) in a Co-operative District Central Bank approved by the Registrar of Co-operative societies; or
- (c) in a Government savings bank; or
- (d) in a scheduled bank with the previous approval of the Director of Agricultural Marketing; or

in any of the Central or State Government securities with the previous approval of the Director of Agricultural Marketing.]<sup>1</sup>

1. Substituted by Act 20 of 2016 w.e.f.27.07.2016

**91. Contribution to the Consolidated Fund of the state.-** (1) The <sup>4</sup>[Director of Agricultural Marketing]<sup>4</sup> shall before the end of <sup>4</sup>[March]<sup>4</sup> in every year, estimate the probable expenditure likely to be incurred by the State Government during the ensuing financial year on account of, -

- (i) the salary and other allowances and the leave salary and pension contribution in respect of the services of the Government servants appointed or to be appointed as officers and servants under section 58 <sup>1</sup>[or section 59]<sup>1</sup> in respect of all the market committees in the State; and
- (ii) general elections and by-elections of the members of the market committees in the State.

he shall also on the basis of the receipts of the previous year estimate the probable gross receipts by way of market fees and licence fees of all the market committees in the State for the ensuing financial year for meeting such expenditure during the said financial year.

(2) Taking into consideration the estimates made under sub-section (1), the <sup>4</sup>[Director of Agricultural Marketing]<sup>4</sup> shall by order determine the <sup>2</sup>[x x x]<sup>2</sup> percentage of the gross receipts that every market committee shall have to contribute to the Consolidated Fund of the State during the ensuing financial year for meeting the expenses referred to in sub-section (1), and send a copy of the order to every market committee.

<sup>3</sup>[Provided that the <sup>4</sup>[Director of Agricultural Marketing]<sup>4</sup> may, for reasons to be recorded in writing, at any time before the end of the financial year during which the contributions are to be made, alter the percentage.]<sup>3</sup>

(3) Every market committee in the State shall pay to the State Government before the fifteenth of every month in such manner as may be prescribed, such percentage of its gross receipts during the preceding month by way of market fees and licence fees, as has been



notified by the <sup>4</sup>[Director of Agricultural Marketing]<sup>4</sup> under sub-section (2), from the first day of April of the financial year in respect of which the percentage has been determined.

**Explanation.-** For purposes of this section and section 92, gross receipts in respect of market fees shall include the amount paid to the market committee under sub-section (3) of section 97 and gross receipts in respect of licence fees shall exclude the amounts paid to the Panchayats under sub-section (1) of section 98.

1. Inserted by Act 17 of 1980 w.e.f.30.6.1979.

2. Omitted by Act 17 of 1980 w.e.f.30.6.1979.

3. Inserted by Act 4 of 1982 w.e.f.1.5.1968.

4. Substituted by Act 35 of 1986 w.e.f.17.6.1986.

**92. Contribution to State Agricultural Marketing Board.-** Every market committee in the State shall pay to the State Agricultural Marketing Board before the fifteenth of every month, in such manner as may be prescribed, five per cent of its gross receipts during the previous calendar month, by way of market fees and licence fees.

**93. Purposes for which the market fund shall be expended.-** Subject to the provisions of sections 91 and 92 and the other provisions of this Act, the rules and the bye-laws, the market committee fund shall be expended for meeting the expenses relating to,-

- (i) the obligatory and discretionary duties and functions of the market committee under this Act;
- (ii) the pay, leave allowances, pensions, gratuities and provident fund of the officers and servants employed by it.
- (iii) the payment of interest on the loans,if any, raised by the market committee and the provision of sinking funds in respect of such loans;
- (iv) payment of honorarium, allowances and travelling allowances to the Chairman, Vice-Chairman and other members of market committee;
- (v) payment of fees and travelling allowances of arbitrators appointed under section 84 <sup>1</sup>[and the members of the Advisory Committee appointed under section 42]<sup>1</sup>; and
- (vi) any other purpose within the scope of this Act as may be prescribed in the bye-laws.

1. Inserted by Act 17 of 1980 w.e.f. 3.11.1979

**94. Honorarium and travelling allowances to the Chairman <sup>3</sup>[and the Vice-Chairman]<sup>3</sup>.-** <sup>1</sup>[(1) The market committee shall pay to the Chairman <sup>3</sup>[and the Vice-Chairman]<sup>3</sup> of the market committee such honorarium as may be prescribed.]<sup>1</sup>



(2) The Chairman of a market committee shall be entitled to such travelling allowances as may be prescribed by the bye-laws.

<sup>2</sup>[Provisos x x x]<sup>2</sup>

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986.
2. Omitted by Act 16 of 1991 w.e.f.1.8.1991.
3. Inserted by Act 23 of 2007 w.e.f.16.8.2007.

(3) If the Chairman is absent from the market area with the leave of the market committee for purposes un-connected with the affairs of the market committees, the Chairman shall not be entitled to an honorarium for such period of absence, and the Vice-Chairman or any other member performing the functions of the Chairman during such period of leave shall be entitled to draw the honorarium for such period.

**95. Manner of preparing budget, etc.-** The manner in which any payment from the Market Fund shall be made, its accounts shall be kept and audited or re-audited (including powers to be exercised by the auditor in that behalf), its annual, revised or supplementary budget estimates of income and expenditure shall be made (including provision for modifying, annulling or rescinding such budgets) and its annual administration report shall be prepared, shall be prescribed by rules made in that behalf.

## CHAPTER IX

### SPECIAL COMMODITY MARKETS

**96. Establishment of independent markets and market committees for special commodities.-** (1) Where after such survey of an unregulated market of cattle, sheep, fish, fruits or any other special commodity notified by the State Government, in any area, the State Government is satisfied that on account of,-

- (i) the nature of assemblage or storage of such commodity;
- (ii) the problem of marketing such commodity;
- (iii) the technique and special features of trading in such commodity;
- and
- (iv) the incompatibility of combining the regulation of trade in such commodity with that of other agricultural produce,

the existing market committee or committee functioning in such area is or are unable to or cannot possibly provide facilities for the regulated trading in such commodity, and that,-

- (a) there are facilities for organised trading in such commodity in such area;
- (b) the volume of trading in such commodity in such area is fairly large;



- (c) the benefits to the producers and the probable income to the market committee by separately regulating the trade in that commodity alone would be commensurate with the efforts involved in, and sufficient for discharging the duties and responsibilities of, such regulation; and
- (d) the trading in such commodity in such area can be efficiently regulated only if an independent market and a separate market committee for the purpose are established

it may <sup>1</sup>[in consultation with the Board]<sup>1</sup> take the necessary steps for the establishment of an independent market and market committee for the purpose, in the manner provided in this Act, notwithstanding that such area falls within the jurisdiction of any market committee or committees already functioning and exercising regulation of marketing of any other commodity or commodities.

(2) When a separate market is established under this Chapter, the State Government may by notification declare that the provisions of this Act shall, with such modifications, as may be specified in the notification, apply in respect of such market.

(3) Subject to any modification notified under sub-section (2), the provisions of this Act shall *mutatis mutandis* apply to the market areas and the market committees established in pursuance of the provisions of this Chapter.

1. Inserted by Act 16 of 1991 w.e.f.1.8.1991

## CHAPTER X

### <sup>1</sup>[MANDAL PANCHAYATS]<sup>1</sup> AS AGENTS OF MARKET COMMITTEES

**97. <sup>1</sup>[Mandal Panchayats]<sup>1</sup> as agents of market committees.-** (1) Subject to such rules as may be prescribed, a market committee may with the consent of any <sup>1</sup>[Mandal Panchayat]<sup>1</sup> having jurisdiction within the market area, appoint such <sup>1</sup>[Mandal Panchayat]<sup>1</sup> as the agent of the market committee, for exercising such powers, performing such duties inclusive of any of the powers and duties relating to the sub-markets and the sub-market yards of the market committee in the area of such <sup>1</sup>[Mandal Panchayat]<sup>1</sup>, subject to such conditions, including the condition that the powers and duties entrusted by way of agency shall be subject to the control and supervision of the market committee and of the officer or officers generally or specially empowered by the market committee in that behalf, as may be prescribed by the bye-laws.

(2) The power entrusted to a <sup>1</sup>[Mandal Panchayat]<sup>1</sup> under sub-section (1) shall include the power to levy and collect market fees under section 65, and the goods in respect of which such fees are payable shall not be removed from the place of purchase unless the fees are paid to the <sup>1</sup>[Mandal Panchayat]<sup>1</sup>.



(3) Such percentage not exceeding <sup>2</sup>[fifty]<sup>2</sup> percent of the market fees collected by a <sup>1</sup>[Mandal Panchayat]<sup>1</sup> as may be determined by the market committee taking into consideration the extent of powers and duties entrusted to the <sup>1</sup>[Mandal Panchayat]<sup>1</sup>, shall be retained by the <sup>1</sup>[Mandal Panchayat]<sup>1</sup> and credited to the <sup>1</sup>[Mandal Panchayat Fund]<sup>1</sup>, and the balance shall be paid to the market committee.

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

2. Substituted by Act 16 of 1991 w.e.f.1.8.1991

**98. Grants and Loans to <sup>1</sup>[Mandal Panchayat]<sup>1</sup>.**- (1) The market committee shall pay annually to every <sup>1</sup>[Mandal Panchayat]<sup>1</sup> entrusted with powers and duties under section 97, a sum equal to seventy-five per cent of the licence fees collected from market functionaries operating exclusively in the area under the jurisdiction of such <sup>1</sup>[Mandal Panchayat]<sup>1</sup>.

(2) A market committee may give initial financial assistance by way of loan without interest to a <sup>1</sup>[Mandal Panchayat]<sup>1</sup> entrusted with powers and duties under section 97, repayable at such times and in such instalment as may be agreed upon between the market committee and the <sup>1</sup>[Mandal Panchayat]<sup>1</sup>.

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**99. Effect of entrustment of powers and functions to <sup>1</sup>[Mandal Panchayat]<sup>1</sup>.**- Notwithstanding anything contained in the <sup>1</sup>[Karnataka Zilla Parishads, Taluk Panchayat Samithis, Mandal Panchayats and Nyaya Panchayats Act, 1983, a Mandal Panchayat]<sup>1</sup> shall be competent to exercise the powers and perform the duties entrusted to it under sub-section (1) of section 97, in such manner as may be prescribed.

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

## CHAPTER XI

### STATE AGRICULTURAL MARKETING BOARD

**100. State Agricultural Marketing Board.**- (1) With effect from such date as the State Government may by notification appoint in this behalf, there shall be established for the State of <sup>1</sup>[Karnataka]<sup>1</sup> a Board called the <sup>1</sup>[Karnataka State Agricultural Marketing Board]<sup>1</sup>.

(2) The Board shall be a body corporate having perpetual succession and a common seal and subject to such restrictions as are imposed by or under this Act or any other enactment, shall be vested with the capacity of suing or being sued in its corporate name, of acquiring, holding and disposing of, moveable or immoveable property, of entering into contracts, and of doing all things necessary, proper or expedient for the purposes for which it is constituted.

1. Adapted by the Karnataka Adaptations of Laws order 1973 w.e.f. 1.11.1973



**101. Composition of the State Marketing Board.-** (1) The Board shall consist of the following members namely:-

- (i) The Minister of the State in charge of agricultural produce marketing who shall be the *ex-officio* Chairman of the Board;
- (ii) One person from each revenue district of the State who shall be a Chairman of a market committee in the district elected in the prescribed manner by an electorate consisting of the Chairmen of all market committees in such district;
- <sup>2</sup>[(iii) the Secretary to Government, Department of Co-operation or his nominee, *ex-officio*;
- (iv) the Secretary to Government, Department of Agriculture or his nominee, *ex-officio*;
- (v) the Director of Agricultural Marketing;]<sup>2</sup>

Provided that where in any revenue district there are only two market committees and both the Chairmen are contesting candidates for election from such district, the person to represent the market committees on the Board shall be decided by lot to be drawn by the Returning Officer:

Provided further that where in any revenue district there is only one market committee, the Chairman of such committee shall be the member of the Board.

(2) The Board shall elect a Vice- Chairman from among the elected members.

(3) The <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> shall *ex-officio* be the <sup>3</sup>[Managing Director]<sup>3</sup> of the Board.

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986.

2. Inserted by Act 16 of 1991 w.e.f.1.3.1992

3. Substituted by Act 16 of 1991 w.e.f.1.3.1992

**102. Publication of the names of the elected members of the Board.-** The <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> shall publish in the prescribed manner the names of the members elected under clause (ii) of sub-section (1) of section 101.

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**103. Determination of the validity of election.-** The provisions of sections 20 to 25 (both inclusive) shall *mutatis mutandis* be applicable for the determination of the validity of an election under clause (ii) of sub-section (1) of section 101, subject to the modification that the judicial officer empowered to determine the dispute shall be the District Judge having jurisdiction over the district concerned.

**104. Cessation of membership of elected members of the Board.-** A member elected under clause (ii) of sub-section (1) of section 101 shall cease to be a member of the Board if



he ceases to be a member of the electorate of Chairmen of the market committees concerned.

**105. By-election.-** If the seat of any elected member becomes vacant on account of resignation or death or cessation of membership under section 104, the vacancy shall be filled up as soon as may be after the occurrence of such vacancy by the election of another person thereto.

**\*106. Term of office of the members of the Board.-** The elected members of the Board shall, save as otherwise provided in this Act, hold office for a period of '[five years.]'

\* See foot note below section 61

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**\*106A.**

\* See footnote below section 61

**1[107. Powers and duties of the Chairman and the Vice Chairman.-** The powers and duties of the Chairman and the Vice- Chairman of the Board shall be as specified by the regulations:

Provided that till regulations are made under this section, the provisions relating to powers and duties of the Chairman and the Vice- Chairman of the Board, before the commencement of the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Act, 1986 shall apply.]'

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**1[108. Conduct of business of the Board.-** The Board shall make regulations not inconsistent with this Act or with any rules made thereunder with respect of the conduct of its business:

Provided that till regulations are made under this section the provisions relating to conduct of business of the Board before the commencement of the Karnataka Agricultural Produce Marketing (Regulation) (Amendment) Act, 1986 shall apply.]'

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**1[109. Grants by the State Government.-** The State Government shall for every financial year make a grant to the Board of an amount equal to one per cent of the gross receipts of the market committees during that year by way of market fee and licence fee.]'

1. Substituted by Act 14 of 1976 w.e.f. .24.1.1976

**\*109A.**

\* See footnote below section 61

**110. Marketing Development Fund.-** (1) The amounts paid under sections 92 and 109 and all other receipt of the Board '[, including loans raised]' shall be credited to a fund called the Marketing Development Fund.



(2) All expenditure incurred by the Board shall be defrayed out of the said fund.

1. Inserted by Act 17 of 1980 w.e.f.30.6.1979

**<sup>1</sup>[110A. Power to borrow.-** The Board may, from time to time, with previous sanction of the State Government and subject to such conditions as may be prescribed, borrow any sum required for the purpose of this Act.]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f.1.8.1991

**111. Purposes for which the Marketing Development Fund shall be expended.-** The Marketing Development Fund shall be utilised by the Board for the following purposes, namely:-

- (i) grading and standardisation of agricultural produce;
- (ii) general improvement of the regulation of marketing in the State;
- (iii) giving aid to financially weak <sup>1</sup>[or needy]<sup>1</sup> market committees in the form of loans and grants;
- (iv) acquisition or construction of buildings for performing the duties of the Boards;
- (v) payment of the pay, pensions, leave allowances, gratuities, compensation for injuries resulting from accidents, compassionate allowances, contributions towards leave allowances, pensions or provident fund of the officers and servants employed by the Board;
- (vi) travelling and other allowances to the members of the Board;
- (vii) propaganda and publicity on matters relating to regulated marketing of agricultural produce;
- (viii) meeting any legal expenses incurred by the Board;
- (ix) imparting education in regulated marketing of agricultural produce;
- <sup>1</sup>[(ixa) general improvement of the facilities for the transport of notified agricultural produce to the market yard, market sub-yard or sub-market yard, and the marketing thereof.]<sup>1</sup>
- (x) training the officers and staff of the market committees in the state;
- <sup>2</sup>[(xa) providing technical and administrative assistance to market committee including execution of works;]<sup>2</sup>

1. Inserted by Act 17 of 1980 w.e.f.30.6.1979

2. Inserted by Act 35 of 1986 w.e.f.17.6.1986

(xi) any other purpose of general interest to regulated marketing of agricultural produce.

**<sup>2</sup>[112. Functions of the Board.-** (1) The Board shall, subject to the provisions of this Act, rules and regulations made thereunder, discharge the following functions and shall have



power to do all such acts as may be necessary or expedient for carrying out its functions, namely:-

- (a) to advise on matters referred to it by the State Government;
- (b) to provide legal assistance to the market committee;
- (c) to assist in the functioning of the market committee including in respect of programmes undertaken by the market committees for the development of markets;
- (d) to undertake State level planning of the development of agricultural produce marketing;
- (e) to give advise to market committees in general or any market committee in particular with a view to ensuring improvement in the functions thereof;
- (f) to co-ordinate functioning of all the market committees with the help of the information service obtained by both National and International Markets;
- (g) to arrange for safety insurance on the life of farmers and if necessary to contribute towards the e premiums payable in respect of all agriculturists in the State;
- (h) to assist the market committees in the preparation of site plans, estimates and development of market yards:
- (i) to arrange or organise seminars, workshops or exhibitions on subjects relating to agricultural marketing;
- <sup>3</sup>[(j) to set up an Agricultural Produce Marketing Standards Bureau for the purpose of promotion of grading, standardization and quality certification of notified agricultural produce in the State.]<sup>3</sup>
- <sup>5</sup>[(j-a) to undertake procurement operations of notified agricultural produce under Floor Price Scheme and Minimum Support Price Scheme entrusted by the Government from time to time and to take up commercial operation in respect of the said agricultural produce; and]<sup>5</sup>

<sup>4</sup>[(k)]<sup>4</sup> such other functions as may be specified by regulations.]<sup>2</sup>

<sup>\*1</sup>[(2) It shall be the duty of the Board to advise on any matter referred to it by the State Government.]<sup>1</sup>

\* See footnote below section 61

1. Substituted by Act 17 of 1980 w.e.f. 30.6.1979.

2. substituted by Act 16 of 1991 w.e.f.1.4.1996 by notification. The text of the notification is at the end of the Act.

3. Inserted by Act 23 of 2007 w.e.f. 16.8.2007.

4. Renumbered and Inserted by Act 23 of 2007 w.e.f.16.8.2007.



5. Inserted by Act 21 of 2024 w.e.f. 07.03.2024.

**113. Provisions of Act and Rules to apply to the Board.-** Save as provided in this Chapter, the provisions of this Act and the rules applicable to a market committee shall *mutatis mutandis* be applicable to the Board.

## CHAPTER XII

### PENALTIES

**114. Penalties for evasion of payment of fee, etc.-** <sup>1</sup>[Whoever]<sup>1</sup> evades the payment of any fee, or other amount due from him under this Act or the rules, or the regulations or bye-laws, shall, on conviction, be punished with fine <sup>1</sup>[which shall be a sum equal to <sup>2</sup>[three times the amount of fee or other amount due or three thousand rupees whichever is more]<sup>2</sup>]<sup>1</sup>, and in the case of a continuing evasion with a further fine which may extend to <sup>1</sup>[two hundred]<sup>1</sup> rupees for every day during which the evasion is continued after conviction therefor.

1. Substituted by Act 17 of 1980 w.e.f.9.5.1980

2. Substituted by Act 35 of 1986 w.e.f.17.6.1986

<sup>1</sup>[**115. Liability of accused to pay fee, cess or other amount.-** Any person prosecuted for an offence under section 114 shall not be absolved from his obligation to pay to the market committee the fee or other amount due from him under this Act or the rules or the regulations or the bye-laws.]<sup>1</sup>

1. Substituted by Act 35 of 1986 w.e.f.17.6.1986

**116. Power of Magistrate to recover summarily fee, or other amount.-** Whenever any person is convicted of an offence under this Act or the rules or the regulations or bye-laws made thereunder, the Magistrate shall, in addition to any fine which may be imposed, recover summarily and pay over to the market committee, or the Board, as the case may be, the amount of fee or other amount due from him under this Act or the rules or the regulations or bye-laws and may, in his discretion, also recover summarily and pay over to the market committee or to the Board such amount, if any, as he may fix as the costs of the prosecution.

<sup>5</sup>[<sup>4</sup>[<sup>3</sup>[<sup>2</sup>[**117. Penalty for contravention of section 8.-** Whoever in contravention of the provisions of clause (b) of sub-section (1) of section 8 uses any place in the market area for marketing any agricultural produce or operates as a trader, commission agent, broker, processor, warehouseman or in any other capacity, without a valid licence or whoever in contravention of the provisions of sub-section (2) of section 8 uses any place for purchase or sale of notified agricultural produce shall, on conviction, be punished with imprisonment for a term which may extend to three months and with fine which may extend to rupees ten thousand but shall not be less than rupees five thousand and in case of second time



contravention a fine of rupees twenty thousand and in case of third time contravention a fine of rupees thirty thousand.]<sup>1</sup>]<sup>2</sup>]<sup>3</sup>]<sup>4</sup>]<sup>5</sup>

1. Inserted by Act 17 of 1980 w.e.f.9.5.1980
2. Substituted by Act 17 of 1980 w.e.f.9.5.1980
3. Substituted by Act 29 of 1987 w.e.f.10.8.1987
4. Omitted by Act 59 of 2020 w.e.f. 19.05.2020
5. Substituted by Act No. 20 of 2024 w.e.f. 7.3.2024

**<sup>1</sup>[117A. Penalty for contravention of section 66.-** If any person carrying on business in notified agricultural produce, fails without any reasonable cause,-

- (i) to produce or caused to be produced accounts and documents; or
- (ii) to furnish or caused to be furnished information, which he is required to produce or as the case may be, to furnish,

under section 66, he shall, on conviction, be punishable with fine which may extend to one thousand rupees.]<sup>1</sup>

1. Substituted by Act 29 of 1987 w.e.f.10.8.1987

**<sup>1</sup>[117B. Penalty for contravention of section 75.-** (1) If any person carrying on business in agricultural produce in the market yard, private market, spot exchange or farmers-consumer market fails to pay the price to the seller the price without any reasonable cause shall on conviction be punished with imprisonment for a term which may extend to six months and with fine which may extend to twice the value of the price and in the case of continuing contravention with a further fine which may extend to rupees one thousand per day during which the contravention is continued after the first conviction.

(2) Any person prosecuted under sub-section (1) shall not be absolved from his obligation of payment of price to the seller or any other amount due from him under this Act, rule, bye-laws or regulations.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f. 16.8.2007.

**<sup>1</sup>[118. Penalty for contravention of sections <sup>2</sup>[72A, 72B]<sup>2</sup> 79 and 80.-** Whoever contravenes the provisions of sections <sup>2</sup>[72A, 72B]<sup>2</sup> 79 and 80, shall, on conviction, be punished with imprisonment for a term which may extend to six months or with fine which may extend to five thousand rupees or with both:

Provided that,-

- (i) in the case of a first offence, the court may for reasons to be recorded impose a sentence of fine only;
- (ii) in the case of a second or subsequent offence, the court shall impose a sentence of imprisonment which shall not be less than one month.]<sup>1</sup>



1. Substituted by Act 29 of 1987 w.e.f.10.8.1987

2. Substituted by Act 23 of 2007 w.e.f.16.8.2007

**<sup>1</sup>[118A. Penalty for contravention of section 78.-** (1) If any person carrying on business in notified agricultural produce as a commission agent in the market yard or private market fails to comply his duty as specified under clause (a) and (b) of sub-section (2) of section 78 without any reasonable cause he shall on conviction be punished with fine not exceeding rupees five thousand.

(2) If any person carrying on business in notified agricultural produce as a commission agent in the market yard or private market fails to comply the responsibility of payment of price to the seller under clause (c) of sub-section (2) of section 78 without any reasonable cause shall on conviction be punished with imprisonment for a term which may extend to six months and with fine which may extend to twice the value of the price and in the case of continuing contravention with a further fine which may extend to rupees one thousand per day during which the contravention is continued after the first conviction.]<sup>1</sup>

1. Inserted by Act 23 of 2007 w.e.f. 16.8.2007

**119. Penalty for failure to obey order under section 123.-** Whoever obstructs any officer in carrying out the inspection of accounts or holding an inquiry into the affairs of a market committee or fails to obey any order made under clause (a), (c), (d) or (e) of section 123 shall, on conviction, be punished with fine which may extend to two hundred rupees for every day during which the offence continues.

**120. Penalty for contravening the provisions of section 123 or 124.-** If any officer, servant or member of a market committee, when required to furnish information in regard to the affairs or proceedings of a market committee under section 123 or 124,-

(a) <sup>1</sup>[x x x]<sup>1</sup> neglects or refuses to furnish any information; or

(b) <sup>1</sup>[x x x]<sup>1</sup> furnishes false information,

he shall, on conviction, be punished with fine which may extend to five hundred rupees.

1. Omitted by Act 35 of 1986 w.e.f.17.6.1986

**121. Penalty for contravention of section 125.-** Whoever in contravention of the provision of section 125 obstructs any person in seizing or taking possession of any books, records, funds and property of the market committee or fails to give delivery thereof to such person, shall on conviction, be punished with imprisonment which may extend to <sup>1</sup>[one year and with fine which may extend to one thousand rupees]<sup>1</sup>

1. Substituted by Act 17 of 1980 w.e.f. 3.11.1979

**122. General provisions for punishment of offences.-** Whoever contravenes any provisions of this Act or any rule, or regulation thereunder shall, if no other penalty is provided for the offence, be punished with fine which may extend to two hundred rupees.



## CHAPTER XIII

### CONTROL

**123. Inspection, inquiry, submission of statements, etc.-** The <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> or any officer authorised by him by general or special order in this behalf, may,-

- (a) inspect or cause to be inspected the accounts and offices of a market committee;
- (b) hold inquiry into the affairs of a market committee;
- (c) call for any return, statement, accounts or report which he may think fit to require such committee to furnish;
- (d) require a committee to take into consideration,-
  - (i) any objection on the ground of illegality or inexpediency or impropriety which appears to him to exist to the doing of anything which is about to be done or is being done by or on behalf of such committee; or
  - (ii) any information he is able to furnish and which appears to him to necessitate the doing of a certain thing by such committee;

and to make a written reply to him within a reasonable time stating its reasons for doing, or not doing such thing;

(e) direct that anything which is about to be done or is being done should not be done, pending consideration of the reply, and anything which should be done but is not being done should be done within such time as he may direct.

**1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986**

**124. Duty of officers and members to furnish information to <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup>, authorised officers and State Government.-** (1) When the affairs of a market committee are investigated under section 123 or the proceedings of such committee are examined under section 126, all officers, servants and members of such committee shall furnish such information in their possession in regard to the affairs or proceedings of the committee as the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup>, officer authorised or, as the case may be, the State Government, may require.

(2) An officer investigating the affairs of a market committee under section 123 or the State Government examining the proceedings of such committee under section 126 shall have the power to summon and enforce the attendance of officers or members of the market committee and to compel them to give evidence and to produce documents by the same means and as far as possible in the same manner as is provided in the case of a civil court by the Code of Civil Procedure, 1908.

**1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986**



**125. Seizure of account books and other documents.-** Where the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> has reason to believe that the books and records of a market committee are likely to be tampered with or destroyed or the funds or property of a market committee are likely to be misappropriated or misapplied, the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> may issue an order directing a person duly authorised by him in writing to seize and take possession of such books and records, funds and property of the market committee, and the officer or officers of the market committee responsible for the custody of such books, records, funds and property, shall give delivery thereof to the person so authorised.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**126. Power of State Government to call for proceedings of market committee and to pass order thereon.-** The State Government may at any time call for and examine the proceedings of <sup>1</sup>[any officer subordinate to it or any market committee]<sup>1</sup> for the purpose of satisfying itself as to the legality or propriety of any proceeding or decision taken or order passed <sup>1</sup>[by the officer or the market committee, as the case may be]<sup>1</sup>. If in any case, it appears to the State Government that any decision or order passed or proceeding taken, should be modified, annulled, or reversed, the State Government may pass such order thereon as it thinks fit:

Provided that no such order shall be passed by the State Government without giving a reasonable opportunity of being heard to the market committee and to the parties affected:

<sup>2</sup>[Provided further that clerical or arithmetical mistakes in the order or errors arising therein from any accidental slip or omission may at any time be corrected by the State Government either of its own motion or on the application of any of the parties.]<sup>2</sup>

1. Substituted by Act 17 of 1980 w.e.f. 3.11.1979

2. Inserted by Act 35 of 1986 w.e.f. 17.6.1986

**<sup>1</sup>[126A. Power of the Government to give direction to the market committee, private market licensee and farmer - consumer licensee.-**The State Government may give such directions to the market committee, private market licensee and farmer - consumer market licensee as in its opinion are necessary or expedient for carrying out the purposes of this Act and it shall be the duty of such market committee, private market licensee and farmer-consumer market licensee, as the case may be, to comply with such directions.]<sup>1</sup>

1. Substituted by Act 23 of 2007 w.e.f. 16.8.2007.

**127. Supersession of market committee.-** (1) If, in the opinion of the <sup>1</sup>State Government]<sup>1</sup>, a market committee is not competent to perform or persistently makes default in performing the duties imposed on it by or under this Act, or abuses its powers, or wilfully disregards any orders issued by the <sup>1</sup>[State Government]<sup>1</sup> or any officer duly <sup>1</sup>[authorised by



it]<sup>1</sup> in this behalf arising out of audit of accounts of the market committee or inspection of the office and work thereof, the <sup>1</sup>[State Government]<sup>1</sup> may, after giving the committee an opportunity of rendering an explanation, by notification, with reasons therefor, supersede such market committee for such period as may be specified in the notification;

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

(2) When a market committee is superseded by notification under sub-section (1), the following consequences shall ensue:-

- (i) all the members of the market committee shall, on such date as may be specified in the notification be deemed to have vacated their offices;
- (ii) during the period of supersession of the market committee, all powers and duties conferred and imposed on the market committee by or under this Act or any other law shall be exercised and performed by such officer as the <sup>1</sup>[State Government]<sup>1</sup> may from time to time appoint in that behalf;
- (iii) all property vested in the market committee shall, until it is reconstituted, vest in the <sup>1</sup>[State Government]<sup>1</sup>.

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

(3) If, after inquiry made, the <sup>1</sup>[State Government]<sup>1</sup> so directs, by notification, then, notwithstanding the term of the members of the superseded market committee, the period of supersession with all the consequences aforesaid shall from time to time, be continued until such date as may be fixed by the <sup>1</sup>[State Government]<sup>1</sup> for reconstitution of the market committee.

<sup>2</sup>[(4) x x x]<sup>2</sup>

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991

2. Omitted by Act 16 of 1991 w.e.f. 1.8.1991

**128. Liability of members, officers and employees of market committee for loss, waste, misappropriation, etc.-** (1) If, in the course of an inquiry or an inspection under section 123 or in the course of an audit under the rules, it is found that any person who is or was a member of a market committee or of the Board or who is or has at any time been an officer or an employee of a market committee or Board has made any payment contrary to this Act, the rules, the regulations or the bye-laws, or has caused any deficiency in the assets of the market committee or Board by breach of trust or willful negligence or has misappropriated or fraudulently retained any money or other property belonging to the said market committee or the Board, the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> may himself inquire or direct any subordinate officer authorised by him, by an order in writing in this behalf, to inquire into the conduct of such person.



(2) Where an inquiry is made under sub-section (1), the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> may, after giving the person concerned an opportunity of being heard, make an order requiring him to repay or restore the money or property or any part thereof, with interest at such rate, to pay contribution and costs or compensation to such extent, as the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> may consider to be just and equitable.

(3) Any person aggrieved by an order of <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> under sub-section (2) may, within sixty days from the date of the communication of the said order, appeal to the <sup>1</sup>[Karnataka Appellate Tribunal]<sup>1</sup>, and the decision of the <sup>1</sup>[Karnataka Appellate Tribunal]<sup>1</sup> on such appeal shall be final and shall not be called in question in any court of law.

(4) Any action under this section shall be without prejudice to the prosecution of the person concerned in respect of any offence.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**129. Liability of Chairman, Vice- Chairman and members for removal from office.-**

(1) Every Chairman and Vice-Chairman shall, after an opportunity is afforded for hearing him, be removable from his office as such Chairman or Vice- Chairman by the <sup>2</sup>[State Government]<sup>2</sup> for mis-conduct in the discharge of his duties or for neglect of or incapacity to perform his duties or for being persistently remiss in the discharge of his duties, and a Chairman or Vice-Chairman so removed who does not cease to be a member under clause (b) of sub-section (2), shall not be eligible for re-election as Chairman or Vice- Chairman during the remainder of his term of office as member of the market committee.

<sup>2</sup>[**Explanation.-** For the purpose of this sub-section "misconduct" shall include any conduct which is of culpable neglect in regard to his office.]<sup>2</sup>

(2) (a) The <sup>2</sup>[State Government]<sup>2</sup> may, <sup>2</sup>[if it thinks fit]<sup>2</sup> <sup>1</sup>[either *suo-motu* or]<sup>1</sup>, on the recommendation of the market committee remove any member of the market committee after giving him an opportunity of being heard and after such enquiry <sup>2</sup>[as it deems]<sup>2</sup> necessary, if such member is in the opinion of the <sup>2</sup>[State Government]<sup>2</sup>, been guilty of mis-conduct in the discharge of his duties, or of any disgraceful conduct, or has become incapable of performing his duties as a member or does anything against the interests of the market committee;

(b) when under sub-section (1) any person is removed from office of the Chairman or Vice- Chairman for mis-conduct in the discharge of his duties, he shall, from the date of such removal cease to be a member and shall be deemed to be removed from the membership of the market committee under this sub-section.

<sup>3</sup>[(3) x x x]<sup>3</sup>



1. Inserted by Act 29 of 1987 w.e.f. 10.8.1987.
2. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.
3. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.

**130. Administrator to exercise powers and perform duties of market committees not validly constituted or in the working of which a deadlock is created.-** (1)

Notwithstanding anything contained in this Act, or the rules, if at any time it shall appear to the State Government, that on account of a decision or order of a competent court, a market committee has not been validly constituted under this Act or that it is disabled from functioning or that the number of seats required to be filled by election under sub-section (2) of section 39 is not filled, <sup>2</sup>[x x x]<sup>2</sup> the Government may by notification, cause all or any powers and duties of the market committee and its Chairman to be exercised and performed by such officer in such manner <sup>1</sup>[for a period not exceeding one year]<sup>1</sup> and subject to such conditions as it may, by notification, direct.

(2) All the powers and the duties of the market committee exercised and performed bona fide till the date of the notification referred to in sub-section (1), by the persons who constituted such market committee shall be deemed to have been validly exercised and performed by the said persons; and no acts done by the said persons shall be deemed to be invalid or called in question on the ground merely that they were not members of a validly constituted market committee.

1. Substituted by Act 16 of 1991 w.e.f. 1.8.1991.
2. Omitted by Act 16 of 1991 w.e.f. 1.8.1991.

**131. Recovery of sums due to Government from market committee or Board.-**

Every sum due from a market committee or the Board to the State Government shall be paid by the person in charge of the fund of the market committee or Board on receipt of a requisition from the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> or the State Government.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**[CHAPTER XIII A**

**NATIONAL INTEGRATED PRODUCE MARKET**

**131A. Establishment of National Integrated Produce Market etc.-** (1)

Notwithstanding anything contained in this Act, or any other law for the time being in force the State Government may, by notification, declare that with effect from such date as may be specified therein there shall be established for marketing fruits and vegetables in respect of any area or areas in the State a National Integrated Produce Market owned and managed as an autonomous entity by National Dairy Development Board incorporated under the National Dairy Development Board Act, 1987 (Central Act 37 of 1987) (hereinafter referred to as



NDDB), directly or through any organisations set up by it in conjunction with farmers association and thereupon the NDDB may,-

- (i) establish a National Integrated Produce Market of fruits and vegetables in respect of the area or areas specified in the notification;
- (ii) set up by itself or finance, assist or support farmers and farmers associations to set up collection centers by whatever name called at various places in the State whether within or outside the area aforesaid to collect, assemble, sort, grade, process, pack, store or transport, fruits and vegetables and to provide, market information and to carryout such other activities as may enable them to market the produce using the National Integration Produce Market or to do anything facilitatory or incidental thereto;
- (iii) set up or support or otherwise assist in setting up distribution channels and institutions at various places in the state whether within or outside the area aforesaid;
- (iv) register users of the National Integrated Produce Market and may also levy and collect registration fees, security deposit and advance and levy and collect other charges for the services rendered and utilities provided to the farmers, farmers associations, farmers co-operative Societies, buyers and all other functionaries registered with, or using, the National Integrated Produce market:

Provided that the State Government may, by notification direct that from such date as may be specified therein marketing of flowers in the National Integrated Produce Market shall also be governed by the provisions of this Chapter and thereupon all the provisions of this chapter shall be applicable to the marketing of flowers and other attendant activities in the National Integrated Produce Market.

(2) The NDDB may make regulations under this sub-section for the purposes of ownership, management marketing, trading and other related activities in relation to National Integrated Produce Market and for the enforcement thereof.

(3) Nothing contained in this Act or the rules, regulations or bye-laws made thereunder except the provisions of this chapter, shall apply to,-

- (a) anything done or any action taken in relation to the establishment and management of the National Integrated Produce Market under this section or anything done in pursuance thereof; or
- (b) any person, agency or organisation interacting in relation to the National Integrated Produce Market by way of business dealings or otherwise.



**131B. Removal of difficulties.-** If any difficulty arises in giving effect to the provisions of this chapter including establishment of National Integrated Produce Market, the State Government may, by order, do anything, not inconsistent with the foregoing provisions, for the purpose of removing difficulty:

Provided that no such order shall be made after a period of five years from the date of commencement of the provisions of this Chapter.]

\* Sections 131A & 131B Chapter XIII A inserted by Act 31 of 2000 w.e.f. 16.6.2000

### \*[Chapter-XIII-B

### Contract Farming

**131C. Procedure and Form of contract farming agreement.-** Contract Farming agreements shall be governed in the manner laid down hereinafter,-

(1) Contract farming Sponsor shall register himself <sup>2</sup>[XXX]<sup>2</sup> with such officer and in such manner as may be prescribed.

(2) The Contract Farming Sponsor shall get the contract farming agreement registered with such officer as may be prescribed in this behalf. The contract farming agreement shall be in such form containing such particulars and terms and conditions such as may be prescribed.

(3) Notwithstanding anything contained in contract farming agreement, no title, rights, ownership or possession shall be transferred or attenuated or vest in the contract farming sponsor or his successor or his agent as a consequence arising out of the contract farming.

<sup>1</sup>[(4) Any disputes arising out of contract farming agreement shall be decided by the Registering Authority. He shall resolve the dispute in a summary manner within thirty days from the date of reference of dispute by giving the parties a reasonable opportunity of being heard, in such manner as may be prescribed.]<sup>1</sup>

(5) The party aggrieved by the decision of the <sup>1</sup>[Registering Authority]<sup>1</sup> under sub-section (4), may prefer an appeal to the Director of Agricultural Marketing within thirty days from the date of the decision. The Director of Agricultural Marketing shall dispose off the appeal within thirty days after giving the parties a reasonable opportunity of being heard and the decision of the Director of Agricultural Marketing shall be final.

(6) The decision of the authority under sub-section (4) and decision in appeal under sub-section (5) shall have the force of a decree of the civil court and shall be enforceable as such and decretal amount shall be recovered as arrears of land revenue.

1. Substituted by Act 5 of 2014 w.e.f. 04.01.2014.

2. Omitted by Act 5 of 2014 w.e.f 04.01.2014.



## Chapter XIII-C E-Trading

**131D. Establishment of Spot Exchange.-** (1) No person shall establish and run a spot exchange for trading in notified agricultural produce without obtaining a licence under this section.

(2) Subject to such conditions and such fees and security as may be prescribed, the Director of Agricultural Marketing may grant licence to setup spot exchange for providing trading facilities in the notified agricultural produce.

(3) Any person desires to setup a spot exchange may apply to the Director of Agricultural Marketing in such manner along with such fee and security as may be prescribed.

(4) The spot exchange shall,-

- (i) have online trading and clearing system with national reach;
- (ii) ensure efficient clearing, settlement and guarantee system;
- (iii) ensure transparency in operations and decision making related to entire operations;
- (iv) provide for delivery of underlying commodity backed by a warehouse receipt system;
- (v) provide the following services:-
  - (a) electronic spot trading facility in notified agricultural produce;
  - (b) grading, quality certification and standardization of commodities;
  - (c) facilitating collateral financing and borrowing against warehouse receipts;
  - (d) customized service relating to storage, transportation, logistics, handling and shipment;
  - (e) procurement and disposal of commodities through online trading system;
  - (f) market intelligence reports.

(5) The spot exchange may collect fees relating to, membership, VSAT, annual subscription etc., from the members.

(6) Trading, delivery, clearing and settlement shall take place on such terms and conditions as may be prescribed.

(7) The spot exchange shall provide guarantee performance of all contracts executed on the spot exchange platform. For this purpose, it shall maintain a settlement guarantee fund. Notwithstanding any default of any member, spot exchange licensee shall be responsible for collection and payment price to sellers, the payment has to be made as per the schedule prescribed.



**131E. Reports to be submitted by the spot exchange licensee.-** The licensee shall maintain account of all the transactions taken place on the electronic platform and submit such periodical reports and returns at such times and in such forms as specified by the Director of Agricultural Marketing from time to time to the Director of Agricultural Marketing or to any officer authorized by the Director of Agricultural Marketing in this behalf.

**131F. Power to cancel or suspend spot exchange licenses.-** The Director of Agricultural Marketing for reasons to be recorded in writing suspend or cancel spot exchange licence granted by it:

Provided that no order shall be made without giving notice to the licensee.

**131G. Redressal of disputes.-** (1) Dispute redressal shall be done at the spot exchange level through administrative process or through the process of conciliation and arbitration within fifteen days.

(2) If any dispute is not redressed at spot exchange level, the concerned may appeal within thirty days to the Director of Agricultural Marketing and the decision of the Director of Agricultural Marketing in this regard shall be final.

**131H. Bar of Jurisdiction on Civil Courts.-** No Civil Court shall have jurisdiction to settle, decide or deal with any question or to determine any matter which is by or under this Act required to be settled, decided or dealt with or to be determined under the provisions of section 131C.

**131I. Penalty for contravention of section 131D.-** Whoever contravenes the provisions of section 131D shall, on conviction, be punished with imprisonment for a term which may extend to six months or with a fine which may extend to five thousand rupees or with both.

**131J. Cognisance of Offence.-** No court shall take cognisance of an offence under this Chapter, except upon a complaint by the Director of Agricultural marketing or any other officer authorized by him.]<sup>1</sup>

- Section 131C, 131D, 131D, 131E, 131F, 131G, 131H,131I and 131J inserted by Act 23 of 2007 w.e.f. 16.8.2007.

#### <sup>1</sup>[CHAPTER XIII-D E-Commerce Platform

**131-K. Establishment of E-Commerce Platform.-** (1) No person shall establish and run e-commerce platform for trading in notified agricultural produce without obtaining a license under this section.

(2) Subject to such conditions, and such fees and such security deposit as may be prescribed, the Director of Agricultural Marketing shall grant license to setup e-commerce platform for facilitating trading in the notified agricultural produce.



(3) Any person who desires to establish and run e-commerce platform may apply to the Director of Agricultural Marketing in such manner along with such fee and security deposit as may be prescribed.

(4) The e-commerce platform shall,-

- (i) provide payment facility for notified agricultural produce traded by traders in the platform;
- (ii) allow only the licensed traders licensed by the appropriate authority under the Act for registering with the e-commerce platform.
- (iii) ensure transparency in operation, decision making related to entire trading operations taking place in the platform.
- (iv) provide for collection of fees, charges etc., relating to registration, trading transactions taken place in the platform.
- (v) maintain records in electronic format of all the transactions traded in the platform;
- (vi) provide services relating to grading, quality certification and standardization of commodities, collateral financing, borrowing and other services required by the participants of the platform;
- (vii) trade only in the market fee suffered goods offered for sale by the licensed traders and in case, contrary to the above takes place, the licensee of the platform has to pay the market fee applicable to the concerned market committee; and
- (viii) provide the operational and working guidelines to the licensing authority and after approval of the same, function the platform accordingly.

**131-L. Reports of E-commerce Platform Licensee.-** The licensee shall maintain record of all the transactions taken place on the e-commerce platform in the electronic format and submit such periodical reports and returns at such times and in such forms as specified by the Director of Agricultural Marketing from time to time to the licensing authority or any officer authorized by him in this behalf.

**131-M. Power to cancel or suspend e-commerce license.-** The Director of Agricultural Marketing for reasons shall recorded in writing suspend or cancel e-commerce platform license granted by him in the following circumstances, namely:-

- (i) if the license has been obtained through willful misrepresentation or fraud;
- (ii) if the license holder or any one acting on his behalf with his express or implied permission commits a breach of any of the terms or conditions of the license;
- (iii) if the license holder in combination with licensed traders or other licensed e-commerce platform holders, commits any act or abstains from carrying normal business in the platform with an intention of willfully obstructing, suspending or stopping of marketing of notified agricultural produce in the market area which had a consequence on the business operations in the market yards.
- (iv) if the license holder becomes an insolvent; and
- (v) if the license holder incurs any disqualification in such manner as may be prescribed;

Provided that, no order shall be made without giving notice to the licensee.



**131-N. Appeal.-** Any person aggrieved by an order of the Director of Agricultural Marketing prefer an appeal to the Karnataka Appellate Tribunal within thirty days of receipt of the order communicated in this regard.

**131-O. Redressal of disputes.-** Any dispute between the e-commerce platform licensee, licensed trader permitted to operate in the platform or the buyer of the produce offered in the platform, as the case may be regarding payment to be made to the licensed traders for the sale of agricultural produce in the platform, jurisdiction of operation, weight of agricultural produce, quality, price, charges, fees etc., shall in writing file a complaint by himself or through his authorized representative before the Director of Agricultural Marketing within thirty days from the date of arising the dispute with necessary documents.

(2) The Director of Agricultural Marketing on receipt of the complaint, after giving an opportunity of being heard with the concerned parties and making necessary enquiry, decide the dispute within a period of sixty days from the date of receipt of the complaint.

**131-P. Penalty for contravention of section 131-K.-** Whoever contravenes the provisions of section 131-K shall, on conviction, shall punished with imprisonment for a term which may extend to six months or with a fine of rupees one lakh or with both.]<sup>1</sup>

1. Section 131K, 131L, 131M, 131N, 131O, 131P Inserted by Act 19 of 2025 w.e.f. 25.03.2025.

## CHAPTER XIV

### MISCELLANEOUS

**132. Recovery of sums due to <sup>2</sup>[market Committee, Board or the Seller]<sup>2</sup>.-** (1) Any sum due to a market committee or the Board on account of any charge, costs, expenses, fees, rent or on any other account <sup>3</sup>[or payment of price to the seller under section 75 or 78]<sup>3</sup> under the provisions of this Act or any rule, regulation or bye-law made thereunder shall be recoverable from the person from whom such sum is due, in the same manner as an arrear of land revenue.

(2) If any question arises whether a sum is due to the market committee or the Board <sup>3</sup>[or the seller]<sup>3</sup> within the meaning of sub-section (1), it shall be referred to the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> or an officer subordinate to him authorised by him, and the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> or the authorised officer shall after making such enquiry as he deems fit, and after giving to the person from whom the sum is alleged to be due an opportunity of being heard, decide the question; and his decision shall be final and shall not be called in question in any court or before any other authority.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.

2. Substituted by Act 23 of 2007 w.e.f. 16.8.2007.

3. Inserted by Act 23 of 2007 w.e.f. 16.8.2007.

**133. Power to exempt certain class of <sup>1</sup>[co-operative societies etc]<sup>1</sup> from the provisions of Act.-** The State Government may, by notification, exempt <sup>2</sup>[any State Government undertaking or]<sup>2</sup> any class of co-operative societies <sup>4</sup>[or farmers producer



organizations in the State]<sup>4</sup> <sup>3</sup>[x x x]<sup>3</sup> from any of the provisions of this Act or the rules or the bye-laws subject to such conditions and restrictions as may be specified in such notification.

1. Substituted by Act Act 35 of 1986 w.e.f. 17.6.1986

2. Inserted by Act Act 35 of 1986 w.e.f. 17.6.1986

3. Omitted by Act 47 of 1976 w.e.f. 22.6.1976

4. Inserted by Act 5 of 2014 w.e.f. 04.01.2014

**134. Provisions of Act not to apply to Central and State Governments.-** The provisions of this Act shall not apply to any sales or purchases made directly by the Central Government or the State Government.

<sup>1</sup>[Provided that nothing in this section shall exempt any buyer or purchaser from the State or Central Government from liability to pay the fee payable under section 65.]<sup>1</sup>

1. Inserted by Act 4 of 1982 w.e.f. 1.5.1968

**135. Proof of entries in market committee's or Board's registers, etc.-** (1) A copy of any entry in any book, register or list regularly kept in the course of its business by a market committee or the Board shall, if duly certified in such manner as may be prescribed, be received in any suit or other legal proceeding as *prima facie* evidence of the existence of such entry, and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent to which, the original entry would, if produced, have been admissible to prove such matter, transactions or accounts.

(2) No officer of a market committee or the Board shall, in any legal proceeding to which the committee or the Board is not a party, be compelled to produce any of the committee's or Board's books the contents of which can be proved under sub-section (1), or to appear as a witness to prove the matters, transactions or accounts therein recorded, unless by order of the court or other authority made for special cause.

(3) (a) On the application of any party to a legal proceeding, the court or other authority may order that such party may inspect and take copies of any entries in a market committee's or Board's book for any of the purposes of such proceeding, or may order the committee or the Board, as the case may be, to prepare and produce, within a time to be specified in the order, certified copies of all such entries accompanied by a further certificate that no other entries are to be found in the books of the committee or Board relevant to the matters in issue in such proceeding and such further certificate shall be dated and subscribed in the manner prescribed for certified copies under sub-section (1).

(b) An order under this sub-section or sub-section (2), may be made either with or without summoning the committee or Board, and shall be served on the committee or



the Board three clear days exclusive of public holidays before the same is to be complied with, unless the court or other authority shall otherwise direct.

(c) The Committee or the Board may at any time before the time specified for compliance of any such order either offer to produce its books at the trial or give notice of its intention to show cause against such order, and thereupon the same shall not be enforced without further orders.

**136. Chairman, Vice-Chairman, members, officers and servants of market committee or Board to be public servants.-** The Chairman, the Vice- Chairman, the members, the officers and other servants of a market committee and the Vice-Chairman, the members, the officers and other servants of the Board shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code and the Prevention of Corruption Act, 1947, for the time being in force.

**137. Bar of suit or other legal proceeding in absence of notice.-** No suit or other legal proceeding shall be instituted against any market committee or the Board or any member, officer or servant thereof or any person acting under the direction of any such market committee, Board, member, officer or servant for anything done or purporting to be done in good faith as such member, officer, servant or person under this Act, until the expiration of two months next after notice in writing, stating the cause of action, the name and place of abode of the intending plaintiff and the relief which he claims has been in the case of a market committee or the Board delivered or left at its office, and in the case of such member, officer, servant or person as aforesaid delivered to him or left at his office or usual place of abode, and the plaint shall contain a statement that such notice has been so delivered or left:

Provided that nothing in this section shall be applicable to any suit or other legal proceeding by the State Government, the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup>, the market committee or the Board against any member, officer, servant , or other person.

1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**<sup>1</sup>[137A. Appeal.-** (1) Save as otherwise provided in this Act, any person aggrieved by an original order of the Chairman or the Secretary under this Act may, within thirty days, appeal to the market committee.

(2) The market committee may after giving a reasonable opportunity of being heard to the appellant and after such enquiry as it deems fit decide the appeal and its decision shall be final.]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991



**138. Powers and duties of Police Officer.-** (1) Any police officer may arrest any person committing in his view any offence against any provision of this Act or any rule or bye-law, if the name and address of such person be unknown to him and the person declines to give his name and address on demand, or gives a name and address the accuracy of which such officer has reason to doubt; and such person may be detained at the police station until his correct name and address has been ascertained.

(2) It shall be the duty of every police officer to communicate as soon as may be, to the market committee any information which he receives regarding any attempt to commit or the commission of any offence against this Act or any rule or bye-law made thereunder, and to assist the Secretary or any officer or servant of the market committee reasonably demanding his aid in the exercise of his lawful authority.

**139. Duty of local authorities to give information and assistance.-** (1) It shall be the duty of every local authority to give all the necessary information in the possession of or under the control of its officers to the market committee or its officers authorised in that behalf, relating to the import and export of notified agricultural produce into and out of the area of the local authority, free of any charges.

(2) It shall be also the duty of every local authority and its officers and staff concerned with the collection of octroi to give all the possible assistance to any officer of the market committee in exercising his powers and discharging his duties under sections 66 and 67.

**<sup>1</sup>[139A. Duty of Officers of the Departments to give information and assistance.-** It shall be the duty of every officer of any of the Departments of the State Government to give all necessary information free of charge under the control of Departments to the market committee or its officer authorised in that behalf relating to the import and export of notified agricultural produce into and out of the area of any market committee.]<sup>1</sup>

1. Inserted by Act 16 of 1991 w.e.f. 1.8.1991

**140. Delegation of powers of State Government and <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup>.-** (1) The State Government may by notification direct that any of the powers conferred on it by or under this Act, other than those conferred by sections 1, 2, 3, 4, 5, 10, 18, 38, 62, 68, 69, 96, 100, 126, 127, 130, 133, 143, 144, 145, 146 and 152 may subject to such restrictions and conditions as may be specified in such notification, be exercisable also by such officers of the State Government as shall be specified in such notification.

(2) The State Government may by notification direct that any of the powers conferred on the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> by or under this Act, other than those conferred by sections 6, 7, 9, 11, <sup>1</sup>[x x x]<sup>1</sup>, 91, 149 and 150 may subject to such restrictions and



conditions as may be specified in such notification, be exercisable also by such of his subordinate officers as may be specified in such notification.

1. Omitted by Act 17 of 1980 w.e.f. 3.11.1979.

2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**141. Protection to persons acting in good faith.-** No suit, prosecution or other legal proceeding shall be instituted against any person for anything done or intended to be done in good faith under this Act, or the rules, regulations or the bye-laws.

**142. Effect of mere alteration of limits of market area.-** Where a notification is issued under section 5, excluding any area from any market area and such excluded area is not declared to be a separate market area or a notification is issued under section 5, including any area within a market area, the market committee constituted for such market area before the date of such exclusion or inclusion shall, notwithstanding anything contained in this Act, continue to be the market committee for the said market area until the reconstitution of such market committee under this Act.

**143. Denotification of a market area and its consequences.-** (1)<sup>1</sup>[x x x]<sup>1</sup> the State Government may by notification declare that a market area shall from a date to be specified in the notification, cease to be a market area.

(2) When any area ceases to be a market area under sub-section (1), the market committee constituted therefor shall cease to exist, and the property and rights vested in any such market committee shall subject to all charges and liabilities affecting the same, <sup>2</sup>[vest in such neighbouring market committee as the State Government may, by order, specify.]<sup>2</sup>

1. Omitted by Act 4 of 1982 w.e.f.4.11.1981.

2. Substituted by Act 23 of 2007 w.e.f. 16.8.2007.

(3) Where any such area is included in two or more other market areas, the State Government shall, by order, direct that such property, right, charges and liabilities shall vest in the market committees of such areas in such manner and in such proportions as may be specified in such order.

**144. Amalgamation of market committees.-** Where the State Government is satisfied that for securing efficient regulation of marketing of any agricultural produce in any market area, it is necessary that two or more market committees therein should be amalgamated, then the State Government may, after consulting the market committees concerned provide for the amalgamation of such market committees into a single market committee for the market area in respect of the agricultural produce specified in the notification, with such constitution, property, rights, interests and authorities and such liabilities, duties and obligations (including provision in respect of contracts, assets, employees, proceedings, and



such incidental consequential and supplementary matters as may be necessary to give effect to such amalgamation) as may be specified in the notification.

**145. Division of market area into two or more separate market areas.-** (1) Subject to the procedure specified in sections 3 and 4, the State Government may divide a market area into two or more separate market areas.

(2) When during the term of a market committee the market area for which it is established is divided into two or more separate market areas, the following consequences shall ensue:-

- (a) the market committee constituted for the market area under this Act shall be deemed to have been dissolved, and the State Government shall constitute separate market committees under section 10 for each of the separate market areas subject to such conditions as may be prescribed, and the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> shall also simultaneously declare a specified area and a specified place as the market and the market yard for each of the new market areas;
- (b) the term of office of the newly constituted committees shall be the same as is applicable to the first market committee under sub-section (3) of section 10;
- (c) the assets, rights and liabilities of the dissolved market committee shall be distributed by the State Government between the new market committees in accordance with such rules as may be prescribed;
- (d) any appointment, notification, notice, fee, order, scheme, licence, permission, bye-law or form, made, issued or imposed by the market committee which has been dissolved, in respect of any part of the area subject to the authority of the new market committees shall be deemed to have been made, issued or imposed by such market committee concerned unless and until it is superseded by any notification, notice, fee, order, scheme, licence, permission, rule, bye-law or form, made issued or imposed by it.

(3) If any difficulty arises in giving effect to the provisions of this section, the State Government may by order published in the official Gazette, as the occasion may require, do anything which appears to it to be necessary to remove the difficulty.

<sup>1</sup>. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**146. Rules.-** (1) The State Government may for the whole of the State or for any class of market committees by notification and after previous publication, make rules for carrying into effect the purposes of this Act.



(2) In particular, and without prejudice to the generality of the foregoing provision, such rules may provide for,-

- (a) the preparation and revision of the list of voters, the division of the market area into constituencies <sup>1</sup>[reservation of one agriculturist's constituency for the Scheduled Castes and the Scheduled Tribes]<sup>1</sup>, the election or nomination of members of the market committee, the payment of deposits and their forfeiture, the manner of holding elections, the drawing up of the election programme, the fixing of polling stations, the appointment of returning officers, presiding officers and polling officers and all matters ancillary to such elections;
- (b) the election of the Chairman and the Vice-Chairman of the market committee;
- (c) the filling up of casual vacancies in the office of the Chairman, the Vice-Chairman or member of the market committee;
- (d) the forms in which returns shall be submitted by the market committee to the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> and such other officers as may be authorised by the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup>;
- (e) the persons by whom and the form in which copies of documents, and entries in the books of a market committee or the Board may be certified and the charges to be levied for the supply of such copies;
- (f) the manner in which the inquiry and inspection of the market committee shall be held;
- (g) the restrictions and conditions subject to which a market committee or the Board may incur any expenditure;
- (h) the restrictions and conditions subject to which a market committee or the Board may enter into contracts;
- (i) the circumstances in which any commodity shall be deemed to be adulterated;
- (j) the fees payable in respect of appeals under this Act or the rules and the fees payable in respect of any other matters;
- (k) the preparation of plans and estimates for works proposed to be constructed at the expense of a market committee or the Board and the grant of sanction to such plans and estimates;
- (l) the form in which the accounts of a market committee or the Board shall be kept, the audit, inspection and publication of such accounts, the charges, if any, to be made for such audit and inspection, audit memoranda of the accounts and supply of copies of such memoranda;



- (m) the preparation and submission for sanction of the annual budget and the report and returns of a market committee or the Board;
- (n) the investment and disposal of surplus funds of a market committee or the Board;
- <sup>3</sup>[(n1) the procedure and fee for registration under section 64A;
- (n2) the infrastructure of farmer consumer market and appeal under section 72A, 72B, 72C and 72E;
- (n3) the manner of settlement of disputes under section 84A;
- (n4) the powers and functions of Agricultural Marketing Bureau under section 112(k);
- (n5) the manner of registering the contract farming sponsor under section 131C;
- (n6) the terms and conditions of the contract to be entered into under sub-section (2) of section 131C;
- (n7) the manner of resolving disputes under sub-section (4) of section 131C.]<sup>3</sup>
1. Inserted by Act 17 of 1980 w.e.f. 30.6.1979
  2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986
  3. Inserted by Act 23 of 2007 w.e.f. 16.8.2007.
- (o) any other matter for which there is no provision in this Act (including prescribing appellate authorities, periods within which appeals or revision petitions have to be filed), and for which provision is, in the opinion of the State Government, necessary for giving effect to the purposes of this Act.

(3) A rule under this Act may be made with retrospective effect and when such a rule is made, the reasons for making the rule shall be specified in a statement laid before both Houses of the State Legislature. Subject to any modification made under section 149, every rule made under this Act shall have effect as if enacted in this Act.

**\*147. Regulations.-** Subject to the provisions of this Act and the rules the Board may, by notification, and with the previous approval of the State Government, make regulations in relation to the carrying into effect the functions entrusted to the Board under this Act.

\* see footnote below section 61

**148. Bye-laws.-** (1) Subject to the provisions of this Act and the rules made under section 146 and with the previous sanction of the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup>, a market committee may <sup>1</sup>[after previous publication in the prescribed manner]<sup>1</sup> make bye-laws for the regulation of the business and the conditions of trading in the market area. Every bye-laws made under this section shall be published in the prescribed manner.

1. Omitted by Act 4 of 1982 w.e.f. 1.5.1968 and inserted by the same Act w.e.f. 17.12.1981
2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986



(2) In particular and without prejudice to the generality of the foregoing provision, the bye-laws may provide for,-

- (i) the regulation of business of the market committee;
- (ii) the regulation of the business of the sub-committees of the market committee;
- (iii) the conditions of delegation of powers, functions and duties of the market committee to sub-committees;
- <sup>1</sup>[(iv) x x x]<sup>1</sup>
  - 1. Omitted by Act 35 of 1986 w.e.f. 17.6.1986
- (v) the assignment of powers, functions and duties to the officers and servants of the market committee;
- (vi) the procedure for the granting, renewal, refusal, suspension or cancellation of licences under this Act and the circumstances in which any suspension or cancellation of a licence may be annulled by the market committee;
- (vii) the conditions for trading or operating in any capacity as a market functionary within the market area;
- (viii) the control and regulation of the dealings between sellers and purchasers;
- (ix) the enforcement of the weighment of notified agricultural produce in due time;
- (x) the enforcement of issue of immediate receipt to the producer in respect of the produce entrusted by the producer to the commission agent for sale;
- (xi) the procedure of sale of notified agricultural produce in the yards and outside the market and sub-market in the market area;
- (xii) the sales of notified agricultural produce in the yards under the direct supervision of the staff of the market committee;
- (xiii) the execution of agreement of sale soon after the sale is agreed upon;
- (xiv) the taking of delivery of goods soon after the agreement of sale is effected;
- (xv) the payment of the price of the produce by the purchaser to the seller at the time of taking delivery of goods in all cases of direct purchases made from the producer without the assistance of a commission agent;
- (xvi) the fixing of the maximum period of credit permissible to the purchaser from the commission agent from the date of the agreement of sale;
- (xvii) the enforcement of prompt payment by the commission agent to his principal soon after delivery of the goods is given to the purchaser;
- (xviii) the enforcement of payment of the price of goods by the purchaser to the commission agent as and when it falls due in accordance with the terms of credit



where the commission agent has allowed credit before the expiry of the maximum term of credit permissible under the bye-laws;

- (xix) the procedure to be adopted where any licensed trader or commission agent suspends payment or becomes insolvent or is otherwise unable or refuses or neglects to discharge his liabilities and obligations in relation to transactions in the yards and outside the market or sub-market in the market area, and the rights, duties and liabilities of such trader or commission agent and those with whom he had such transactions and the manner in which and terms upon which they are to be closed or passed on;
- (xx) the enforcement of the submission of returns, reports and statements from the market functionaries to the market committee;
- (xxi) the enforcement of the production of the account books and any other books, files or documents of the market functionaries for inspection;
- (xxii) the prevention of the adulteration of goods;
- (xxiii) the licence fees payable in respect of licences issued to the different classes of market functionaries;
- (xxiv) the fixing of the percentage of the security amount to be deposited or the amount of bank guarantee to be furnished by the commission agents and by the different categories of traders, under sections 85 and 86;
- (xxv) the travelling allowances and daily allowances of the members of the market committee;
- (xxvi) the circumstances in which a warning may be given or a penalty may be imposed by the market committee on the market functionaries or other persons for breach of bye-laws and the procedure to be followed for the purpose;
- (xxvii) the procedure for entry and inspection of places of business and other places under section 66;
- (xxviii) the assistance to be rendered to a producer by way of preparing invoices and bills when he sells his goods directly to a purchaser without the assistance of a commission agent;
- (xxix) the regulation of the admission of the market functionaries in to the yard and control over the behaviour of such functionaries;
- (x xx) the form of application for licence, the qualifications and disqualifications for securing the renewal of the different kinds of licences the procedure for the inquiry about and verifying the correctness of the statements made in the applications for licences;



- (xxxi) the opening and closing of marketing in the yards;
- (xxxii) the books, registers and documents to be kept and maintained, and the compilation of statements to be prepared from the returns received from the market functionaries and the registers, books and documents to be kept and maintained by the market functionaries;
- (xxxiii) any other matter in respect of which bye-laws are required to be or may be made under this Act.

(3) Any bye-law made under this section may provide that any contravention thereof shall, on conviction, be punished with fine which may extend to two hundred rupees.

(4) Where any bye-law is submitted to the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> for sanction under sub-section (1), and if the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> is satisfied,-

- (a) that the proposed bye-law is not contrary to the provisions of this Act or the rules;
- (b) that it complies with the requirements of sound administration;

he may sanction the bye-law.

(5) When the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> refuses to sanction any amendment or bye-law, he shall communicate his order with the reasons therefor, to the market committee:

Provided that no such order shall be made without giving the market committee a reasonable opportunity of being heard.

(6) A market committee aggrieved by an order of the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> under sub-section (5), may within ninety days from the date on which the order of refusal to sanction is received by the market committee, appeal to the State Government. The decision of the State Government on such appeal shall be final and shall not be called in question in any court of law.

**1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986.**

**149. First bye-laws on the establishment of markets.-** (1) As soon as may be, after the Chairman is nominated for <sup>2</sup>[the first market committee constituted under section 10 for a market area declared after the commencement of this Act, under section 4]<sup>2</sup>, the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> shall, in consultation with the said Chairman, and taking into consideration the local conditions make the first bye-laws for the market area in accordance with the provisions of this Act and the rules. The first bye-laws so made shall, notwithstanding anything contained in this Act, be deemed to be the bye-laws made by the market committee until superseded or amended by any bye-law made under section 148.

(2) The first bye-laws shall be published in such manner as may be prescribed.



1. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

2. Substituted by Act 19 of 1969 w.e.f. 1.5.1968

**150. <sup>2</sup>[Director of Agricultural Marketing's]<sup>2</sup> power to direct the making or amendment of bye-laws.-** (1) If it appears to the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> that it is necessary or desirable in the interests of market or market committee to make any bye-law or to amend any bye-law, he may by order require the market committee concerned to make the bye law or the amendment of the bye-law within such time as he may specify in such order.

(2) If the market committee fails to make such bye-law or such amendment of the bye-law and forward the same to the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> for sanction in accordance with the provisions of section 148 within the time specified in such order, the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> may, after giving the market committee <sup>1</sup>[x x x]<sup>1</sup> a reasonable opportunity of being heard, by order make such bye-law or such amendment of the bye-law, and thereupon, subject to any order under sub-section (3), such bye-law or such amendment of the bye-law shall be deemed to have been made or amended by the market committee in accordance with the provisions of this Act. Every order made by the <sup>1</sup>[Director of Agricultural Marketing]<sup>1</sup> under this sub-section shall be published in the official Gazette.

(3) An appeal shall lie to the State Government from any order of the <sup>2</sup>[Director of Agricultural Marketing]<sup>2</sup> under sub-section (2) within sixty days from the date of publication of such order and the order of the State Government on such appeal shall be final.

1. Omitted by Act 4 of 1982 w.e.f. 1.5.1968.

2. Substituted by Act 35 of 1986 w.e.f. 17.6.1986

**151. Power to make standing orders.-** (1) Subject to the provisions of this Act and the rules and bye-laws made thereunder, every market committee may by resolution make standing orders for the regulation of any class of transactions or any class of market functionaries.

(2) Every Standing Order made under sub-section (1) shall be published in such manner as may be prescribed.

**152. Orders for bringing this Act into force.-** (1) Notwithstanding anything contained in this Act or in any other law for the time being in force, the State Government may by order published in the official Gazette make such provisions as appears to it to be necessary or expedient,-

(a) for bringing the provisions of this Act into effective operation;



- (b) for removing difficulties arising in connection with the transition to the provisions of this Act or giving effect to the provisions of this Act;
- (c) so far as it appears necessary or expedient in connection with any of the matters aforesaid for varying the powers or jurisdiction of any court or authority and empowering new courts or other authorities to exercise such jurisdiction as may be specified in such order.

(2) The provisions made by any order under sub-section (1) shall, subject to the provisions of section 149, have effect as if enacted in this Act, and any such order may be made so as to be retrospective to any date not earlier than the date of commencement of this Act:

Provided that no person shall be deemed to be guilty of an offence by reason of so much of any such order as makes any provision thereof retrospective to any date before the making thereof.

**1[152A. Power to amend the Schedule.-** The State Government may, by notification, add to, amend or delete any of the items of agricultural produce specified in the Schedule and thereupon the Schedule shall be deemed to be amended accordingly.]<sup>1</sup>

1. Inserted by Act 17 of 1980 w.e.f. 30.6.1979

**153. <sup>2</sup>[Rules, orders]<sup>2</sup> and notifications to be laid before Legislature.-** Every rule made under this Act <sup>3</sup>[every notification issued under section 133]<sup>3</sup> <sup>1</sup>[or section 152A]<sup>1</sup> and every order issued under section 152 shall be laid as soon as may be after it is made, before each House of the State Legislature while it is in session, for a total period of thirty 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 sessions immediately following, both Houses agree that the <sup>2</sup>[rule, notification or order]<sup>2</sup> should not be made, the <sup>2</sup>[rule, notification or order]<sup>2</sup> 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 <sup>2</sup>[rule, notification or order]<sup>2</sup>.

1. Inserted by Act 17 of 1980 w.e.f. 30.6.1979

2. Substituted by Act 47 of 1976 w.e.f. 22.6.1976

3. Inserted by Act 47 of 1976 w.e.f. 22.6.1976

**154. Repeal and savings.-** (1) The Madras Commercial Crops Markets Act, 1933(Madras Act XX of 1933), as in force in Bellary District, the Madras Commercial Crops Markets Act, 1933 (Madras Act XX of 1933), as in force in the <sup>3</sup>[Manglore and Kollegal Area]<sup>3</sup>, the Bombay Agricultural Produce Markets, Act, 1939 (Bombay Act XXII of 1939) , as in force in the <sup>3</sup>[Belgaum]<sup>3</sup> Area, the Hyderabad Agricultural Market Act, 1339 F (Hyderabad



Act II of 1339 Fasli), as in force in the <sup>3</sup>[Gulburga]<sup>3</sup> Area, the Mysore Agricultural Produce Markets Act, 1939 (Mysore Act XVI of 1939), as in force in the Mysore Area and the Coorg Agricultural Produce Markets Act, 1956 (Coorg Act VII of 1956), as in force in the Coorg District, are hereby repealed:

Provided that,-

(a) the repeal shall not affect the previous operation of any enactment so repealed, and anything done or action taken (including any appointment, delegation or declaration made, notification, order, rule, direction or notice issued, bye-law framed, market areas, markets, sub-markets and yards declared, established or notified, licences granted, fees levied and collected, instruments executed, any fund established or constituted) by or under the provisions of any such enactment shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act, and shall continue in force unless and until superseded by anything done or any action taken under this Act;

(b) the mention of particular matters in the preceding proviso shall not affect the general application to this Act of section 6 of the <sup>3</sup>[Karnataka]<sup>3</sup> General Clauses Act, 1899 (<sup>1</sup>[Karnataka]<sup>1</sup> Act 3 of 1899) in respect of the repealed enactments, and sections 8 and 24 of the said Act shall be applicable as if the said enactments had been repealed and re-enacted by this Act;

(c) all market committees constituted, members of such committees appointed or elected and Chairmen and Vice- Chairmen, elected or appointed under the repealed enactments shall exercise the powers conferred, perform the functions, and be subject to the liabilities imposed by the provisions, of this Act and the rules made thereunder on market committees members of such committees. Chairmen and Vice-Chairmen, respectively, <sup>1</sup>[until the 19th day of July 1969.]<sup>1</sup>

(d) casual vacancies in the seats of members or market committees or in the office of Chairmen or Vice-Chairmen of market committees functioning under the preceding proviso shall, <sup>2</sup>[until the 19th day of July 1969]<sup>2</sup> be filled and all matters in connection with the filling of such vacancies shall be regulated in accordance with the provisions governing the filling up of such vacancies and regulating such matters as were in force immediately before the date of coming into force of this Act.

<sup>2</sup>[Proviso x x x]<sup>2</sup>

(2) Notwithstanding anything contained in sub-section (1), for the purpose of giving effect to the provisions of the <sup>1</sup>[proviso]<sup>1</sup> to the said sub-section, the State Government may by notification, make such provision as appears to it to be necessary or expedient,-



- (a) for making omissions from, additions to and adaptations and modifications of the rules, notifications and orders issued under the repealed enactments;
- (b) for specifying the authority , officer or person who shall be competent to exercise such functions exercisable under any of the repealed enactments or any rules, notifications, or orders issued thereunder as may be mentioned in the said notification.

1. Substituted by Act 19 of 1969 w.e.f. 1.5.1968.

2. Omitted by Act 19 of 1969 w.e.f. 1..5.1968.

3. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973

**1[154A. Transitory provisions.-** (1) Notwithstanding anything contained in this Act or any of the enactments repealed by sub-section (1) of section 154 or any other law,-

- (a) on the 19th day of July 1969, the term of office of the members of every market committee and of the Chairman and Vice-Chairman thereof continuing to function under clause (c) of the proviso to sub-section (1) of section 154 shall expire, and with effect from the said date, the powers conferred and the duties imposed on the market committee the chairman, Vice-Chairman and any sub-committee or other body constituted by the market committee shall be exercised and performed by the Administrator referred to in the Explanation to this sub-section;
- (b) within a period of one year from the 19th day of July 1969 the market committees shall be constituted in accordance with the provisions of section 11;
- (c) the Administrator shall hold office until the date immediately preceding the date of the first meeting of the market committee constituted under section 11.

**Explanation.-** For the purposes of this sub-section, "the Administrator" means,-

- (i) the Deputy Commissioner, in respect of a market committee of a market area, the market yard of which is situated in the head quarters of the district;
  - (ii) the Assistant Commissioner of the revenue sub-division, in respect of a market committee of a market area, the market yard of which is situated in the headquarters of the revenue sub-division other than the headquarters of the district;
  - (iii) the Tahsildar of the taluk, in respect of a market committee of a market area, the market yard of which is situated in any place in such taluk, other than the headquarters of the district or the headquarters of the revenue sub-division.
- (2) Notwithstanding anything contained in sub-section (1), the State Government may, at any time after the 19th day of July, 1969, by notification, appoint, from time to time any



officer not below the rank of a Tahsildar, to be the Administrator for any market committee and the said officer shall be deemed to be the Administrator of the said market committee for purposes of this section.]<sup>1</sup>

1. Inserted by Act 19 of 1969 w.e.f. 1.5.1968

**155. Power of State Government to transfer assets etc., in cases of market committees constituted for excluded areas under replaced Acts.-** Where before the commencement of this Act, any area comprised in any market area was excluded from such market area under an enactment repealed by section 154 and the area so excluded was declared as a separate market area under the said enactment and a separate market committee was constituted therefor, and both the market committees continue to function immediately after such commencement and the assets, rights and liabilities of the separate market committee are not yet determined either by agreement between the market committees or otherwise, then the State Government may, by notification, after consulting the market committees concerned provide for the transfer of the assets, rights and liabilities of the market committee in relation to the area so excluded (including the rights under any contract made by it) to the separate market committees on such terms and conditions as may be specified in such notification.

**156. Amendment of <sup>1</sup>[Karnataka]<sup>1</sup> <sup>2</sup>[Act 16 of 1958]<sup>2</sup>.-** In schedule II to the <sup>1</sup>[Karnataka]<sup>1</sup> Court Fees and Suits Valuation Act, 1958, the following amendments shall be, and shall be deemed to have been, made with effect from the 1st October 1964, namely:-

(a) in clause (ii) of Article 3, after the words "<sup>1</sup>[Karnataka Revenue Appellate Tribunal]<sup>1</sup>", the words "or the Co-operative Appellate Tribunal" shall be inserted.

(b) in clause (j) of Article 10 after the words "<sup>1</sup>[Karnataka Revenue Appellate Tribunal]<sup>1</sup>", the words " or the Co-operative Appellate Tribunal" shall be inserted.

1. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973

2. Substituted by Act 22 of 2000 w.e.f. 1.5.1968

**157. Amendment of <sup>1</sup>[Karnataka]<sup>1</sup> Act 11 of 1959.-** In section 2B of the <sup>1</sup>[Karnataka]<sup>1</sup> Co-operative Societies Act, 1959,-

(1) in sub-section (1), after the words "by or under this Act", the words "or under any other law for the time being in force" shall be added;

(2) in sub-section (4), after the word "thereunder" the words "and in respect of proceedings under any other law, consistent with such law", shall be inserted;

(3) in sub-section (6) after the words " an appeal lies to it" the words "under this Act or any other law for the time being in force" shall be inserted;



(4) in sub-section (7), after the words and figures "under section 105", the words "of this Act or under any other law" shall be inserted.

1. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973

### **<sup>1</sup>[SCHEDULE**

1. Schedule inserted by Act 17 of 1980 w.e.f.30.06.1979

#### **I ANIMAL HUSBANDRY**

- |           |                    |
|-----------|--------------------|
| 1. Butter | 6. Poultry         |
| 2. Cattle | 7. Pigs            |
| 3. Eggs   | 8. Sheep           |
| 4. Ghee   | 9. Skins and Hides |
| 5. Goats  | 10. Wool           |

#### **II FIBRES**

- |                                 |            |
|---------------------------------|------------|
| 1. Cotton (ginned and unginced) | 2. Mesta   |
|                                 | 3. Sunhemp |

#### **<sup>1</sup>[III FLOWERS**

1. All flowers]<sup>1</sup>

1. Omitted by Notification No. CMW 257 MMD 86 dt. 4.12.1986 and Inserted by Notification NO. CMW 104 MRE 94 dt. 9.1.1995

#### **IV FOOD CROPS**

- |           |           |
|-----------|-----------|
| 1. Bajra  | 7. Paddy  |
| 2. Jan    | 8. Ragi   |
| 3. Jowar  | 9. Rice   |
| 4. Kambu  | 10. Save  |
| 5. Maize  | 11. Wheat |
| 6. Navane |           |

#### **V FOREST PRODUCE**

- |                |                    |
|----------------|--------------------|
| 1. Antwala     | 7. Neem - seeds    |
| 2. Bamboo      | 8. Ree - thaa      |
| 3. Canes       | 9. Reeds           |
| 4. Hippe seeds | 10. Soapnut        |
| 5. Honge seeds | 11. Tamarind       |
| 6. Myrobalans  | 12. Tamarind seeds |

#### **VI FRUITS**

- |                  |               |
|------------------|---------------|
| 1. Apple         | 11. Kharbuja  |
| 2. Banana        | 12. Mango     |
| 3. Borehannu     | 13. Mosumbi   |
| 4. Citrus fruits | 14. Marsebu   |
| 5. Chakotraiannu | 15. Pineapple |
| 6. Guava         | 16. Papaya    |



- |           |                               |
|-----------|-------------------------------|
| 7. Grapes | 17. Pomogramite               |
| 8. Jack   | 18. Sapota                    |
| 9. Jamun  | 19. Siddote                   |
| 10. Lemon | <sup>1</sup> [20. Orange      |
|           | 21. Water Melon] <sup>1</sup> |

1. Inserted by Notification No. CMW 257 MMD 86 dt. 4.12.1986

#### VII OIL SEEDS

- |   |   |
|---|---|
| 1. Groundnut<br>(Shelled and unshelled) | 6. Nigerseeds                             |
| 2. Castor seeds                         | 7. Rape seeds                             |
| 3. Cotton seeds                         | 8. Safflower                              |
| 4. Linseed                              | 9. Sesamum                                |
| 5. Mustard                              | 10. Sunflower seeds                       |
|   | <sup>1</sup> [11.Soya beans] <sup>1</sup> |

1. Inserted by Notification No. CMW 233 MRE 94 dt. 21.3.1996

#### VIII PLANTATION CROPS AND SPICES

- |   |  |
|---|--|
| 1. Arecanut                                   | 10. Methi  |
| 2. <sup>1</sup> [Deleted] <sup>1</sup>        | 11. Pepper   |
| 3. Cashewnut                                  | 12. Turmeric   |
| <sup>2</sup> [3A. Cashew kernel] <sup>2</sup> | <sup>3</sup> [13. Coffee seeds to the extent<br>of free sale quota:- |
| 4. Chillies (dry)                             | (i) raw coffee (cherry coffee)                                       |
| 5. Coconut                                    | (ii) cured coffee seeds  |
| 6. Copra                                      | (iii) uncured coffee seeds] <sup>3</sup>                             |
| 7. Corriander                                 |  |
| 8. Garlic                                     |  |
| 9. Ginger                                     |  |

1. Deleted by Notification No. CMW 272 MMD 86 dt. 14.1.1987

2. Inserted by Notification No. CMW 183 MRE 88 dt. 2.6.1989

3. Inserted by Notification No. CMW 96 MRE 94 dt.9.11.1994

#### IX PULSES

- |  |                              |
|--|------------------------------|
| 1. Alasande (cowpea) (whole and split) | 7. Horsegram                 |
| 2. Avare (whole and split)             | 8. Lakh (whole and split)    |
| 3. Bengalgram (whole and split)        | 9. Matki(whole and split)    |
| 4. Blackgram (whole and split)         | 10. Masoor(whole and split)  |
| 5. Bullar (whole and split)            | 11. Moath ( whole and split) |
| 6. Greengram (whole and split)         | 12. Peas                     |



13. Tur (whole and split)

#### X VEGETABLES

- |                                    |                 |
|------------------------------------|-----------------|
| 1. All Vegetables (Including leaf) | 5. Potato       |
| 2. Gourds                          | 6. Suvarnagedde |
| 3. Green chillies                  | 7. Sweet potato |
| 4. Onions                          | 8. Tomato       |

#### XI WOOD

- |  |  |
|--|--|
| 1. Beete (Rose)                                  | 44. Yellow PSD                                       |
| 2. Bilwala                                       | 45. Blue all   |
| 3. Firewood                                      | 46. Dille Nia  |
| 4. Ganjan  | 47. Berkela (Very hard)                              |
| 5. Hadga   | 48. Red mix  |
| 6. Haldi   | 49. Water Gum  |
| 7. Hanimattal                                    | 50. Walnut   |
| 8. Honne   | 51. Terminalia Calaminia<br>(Soft wood to semi-hard) |
| 9. Iyani   | 52. Yellow all                                       |
| 10. Jack tree                                    | 53. White all  |
| 11. Jamba  | 54. Malas (Hard wood)                                |
| 12. Kalan  | 55. Kemarere (Med hard)                              |
| 13. Kindal                                       | 56. Vitex (Hard wood)                                |
| 14. Mango  | 57. Piny   |
| 15. Mathi  | 58. Rengas (mixed)                                   |
| 16. Nandi  | 59. Thingadu   |
| 17. Rampatre                                     | 60. Bintanger  |
| 18. Teak   | 61. Naga   |
| 19. White cedar                                  | 62. Tetraberlinia                                    |
| <sup>1</sup> [20. Silver Oak] <sup>1</sup>       | 64. Didelotia  |
| <sup>1</sup> [21. Parivala] <sup>1</sup>         | 65. Ekki   |
| <sup>2</sup> [22. Salangabetu (Sall) (Hard wood) | 66. Iroko  |
| 23. Balau (Hard wood)                            | 67. Hopea  |
| 24. Keruing (Soft wood)                          | 68. Brigilian hard wood of<br>Angelim                |
| 25. Swamp M.L.H. (Soft wood)                     | 69. Jatoba   |
| 26. Gurjan (Soft wood)                           | 70. Gombe  |
| 27. Kapur (Jungel Wood)                          | 71. Dahoma   |
| 28. Collpophy liarm (Soft wood)                  | 72. Opepe  |
| 29. Mixed light (Hard wood)                      |  |



- |                                  |                                  |
|----------------------------------|----------------------------------|
| 30. Nyotah (Soft wood)           | 73. Thitkhar                     |
| 31. Maranti (Darked) (Soft wood) | 74. Taun                         |
| 32. Resak                        | 75. Wood in rough of figi origin |
| 33. Swamp Maranti (Soft wood)    | 76. Wandech                      |
| 34. Hill M.L.H                   | 77. Agathi                       |
| 35. Hill Meranti (Soft wood)     | 78. Engenia                      |
| 36. Mound Data                   | 79. Menggris                     |
| 37. Kemp as (Hard wood)          | 80. M.L.H                        |
| 38. Mixed species                | 81. Mercur                       |
| 39. Kwilla (Hard wood)           | 82. Vest                         |
| 40. Maraswa med                  | 83. Pali                         |
| 41. Redal                        | 84. Salwood                      |
| 42. Terminalia                   | 85. Sarawak                      |
| 43. Green FST                    | 86. Eucalyptus.] <sup>2</sup>    |

1. Inserted by Notification No. CMW 257 MMD 86 dt. 4.12.1986

2. Items 22 to 86 Inserted by Notification No. CMW 95 MRE 89 dt. 29.11.1989

## XII OTHER PRODUCTS

- |  |   |
|--|---|
| 1. Amboda seeds                        | <sup>1</sup> [6. Deleted] <sup>1</sup>                  |
| 2. Betel leaves                        | 7. Seegu  |
| <sup>1</sup> [3. Deleted] <sup>1</sup> | 8. Sugar cane   |
| <sup>1</sup> [4. Deleted] <sup>1</sup> | 9. Tobacco.] <sup>1</sup>                               |
| 5. Jaggery                             | <sup>2</sup> [10. Dry grapes] <sup>2</sup> <sup>3</sup> |

<sup>4</sup>[**Explanation.-** For the purpose of this schedule, agricultural produce falling under item IV 'food crops', item VII Oil Seeds sub-item 7 coriander of item VIII and sub-item 5 Potato of item X shall not include seeds of all such agricultural produces which are certified and treated seeds, marked POISON and truthfully labelled.]<sup>1</sup><sup>4</sup>

1. Deleted by Notification No. CMW 258 MMD 86 dt. 7.1.1988

2. Inserted by Notification No. CMW 48 MRE 96 dt. 4.10.1996

1. Schedule inserted by Act 17 of 1980 w.e.f. 30.6.1979

4. Inserted by Notification No. CMW 76 MRE 89 dt. 9.5.1991

\* \* \* \*

## NOTIFICATIONS

I

**Bangalore dated 11th April 1968 [No. DPC 257 CMD 65.]**

**S.O.526.-** In exercise of the powers conferred by sub-section (3) of Section 1 of the Mysore Agricultural Produce Marketing (Regulation Act, 1966 (Mysore Act 27 of 1966), the Government of



Mysore hereby appoints the first day of May 1968, as the date on which the said Act, shall, come into force.

By Order and in the name of the Governor of Mysore,

(R. Bharaniah,)

Secretary to Government,  
Department, Housing, P. Raj  
and Co-operation Department.

(Published in the Mysore Gazette (Extraordinary) Part IV-2c (ii) dated 11 -4-1968 as No. 314)

## II

### **Bangalore dated 27th July 1991 [No. CMW 115 MRE 91]**

**S.O.830.-** In exercise of the powers conferred by sub-section (2) of Section 1 of the Karnataka Agricultural Produce Marketing (Regulation) and certain Other Laws (Amendment) Act, 1991 (Karnataka Act 16 of 1991), the Government of Karnataka hereby appoints First August 1991 as the date on which the provisions of sections 1, 2 to 20, 22, 23, 28 to 33, 35, 36, 38, 42 to 44, 49, 51 to 55 and 57 to 59 of the said Amendment Act shall come into force.

By Order and in the name of the Governor of Karnataka,

C.R.Bhagirathamma,

Under Secretary to Government,  
Co-operation Department.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C (ii) dated 30-1-1991 as No. 519)

## III

### **Bangalore dated 21st February 1992 [No. CMW 115 MRE 91(1)]**

**S.O.305.-** In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Agricultural Produce Marketing (Regulation) and Certain Other Laws (Amendment) Act, 1991 (Karnataka Act 16 of 1991), the Government of Karnataka hereby appoints 1st March 1992 as the date on which the provisions of section 45 of the said Act shall come into force.

By Order and in the name of the Governor of Karnataka,

C.R.Bhagirathamma,

Under Secretary to Government,  
Co-operation Department.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C (ii) dated 27-3-1992 as No. 122)

## IV

### **Bangalore dated 4th March 1992 [No. DPAR 3 SDE 92]**

**S.O. 463.-** In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka State Civil Services Act, 1978 (Karnataka Act No. 14 of 1990) the Government of Karnataka hereby appoints the Second day of April, 1992 as the date on which the provisions of the Karnataka State Civil Services Act, 1978 shall come into force.



By Order and in the name of the Governor of Karnataka,  
Motiram Pawar  
Under Secretary to Government,  
Dept. of Personnel and Admin. Reforma 2  
(Service Rules)

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C (ii) dated 26-3-1992 at page 376.)

**V**

**Bangalore dated 23rd March 1994 [No. CMW 115 MRE 91(1)]**

**S.O.439.-** In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Agricultural Produce Marketing (Regulation) and certain other laws (Amendment) Act, 1991 (Karnataka Act 16 of 1991), the Government of Karnataka hereby appoints 1st April 1994 as the date on which the provisions of sections 21, 26 and 34 of the said Act shall come into force.

By Order and in the name of the Governor of Karnataka,  
S.B.Belagatter,  
Under Secretary to Government,  
Co-operation Department.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C (ii) dated 26-3-1994 as No. 215)

**VI**

**Bangalore dated 27th June 1995 [No. CMW 297 EMD 91]**

**S.O.615.-** In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Agricultural Produce Marketing (Regulation) and Certain Other Laws (Amendment) Act, 1991 (Karnataka Act 16 of 1991), the Government of Karnataka hereby appoints the Twenty-seventh day of June, One thousand nine hundred ninety five as the date on which the provisions of section 25 of the said Amendment Act shall come into force.

By Order and in the name of the Governor of Karnataka,  
D.Krishnaiah,  
Under Secretary to Government,  
Co-operation Department.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C (ii) dated 27-6-1995 as No. 829)

**VII**

**Bangalore dated 27th March 1996 [No. CMW 5 MRE 96]**

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Agricultural Produce Marketing (Regulation) and certain other laws (Amendment) Act, 1991 (Karnataka Act 16 of 1991), the Government of Karnataka hereby appoints 1-4-1996 as a date on which the provisions of section 50 (sub-section (1) of section 112 of the principal Act) of the said Act shall come into force.

By Order and in the name of the Governor of Karnataka,  
B. V. Natarajan,



Under Secretary to Government,  
Co-operation Department.

### VIII

#### **Bangalore dated 4th December, 1986 [No. CMW 257, MMD 86]**

In exercise of the powers conferred by section 152-A of the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby makes the following amendments to the Schedule as follows:

In the said Schedule:

1. Item "III Flowers" and entries relating thereto shall be deleted.
2. In item "VI Fruits" after sub-item 19, the following sub-item shall be inserted, namely:-  
"20. Orange" "21. Watermelon"
3. In item "XI Wood", after sub-item 19, the following item shall be inserted, namely:-  
"20. Silver Oak" "21. Parivala"

### IX

#### **Bangalore dated 14th January, 1987 [No. CMW 272 MMD 86]**

**S.O. 201.-** In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby makes the following amendment to the Schedule namely,-

In the Schedule in item "VII relating to "Plantation crops and spices", the Serial Number 2 "Cardamon" shall be deleted.

### X

#### **Bangalore dated 7th January, 1988 [No. CMW 258 MMD 86]**

**S.O. 75.-** In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), as amended by the Karnataka Act 17 of 1980, the Government of Karnataka hereby appended to the said Act namely,-

In the schedule under the head "XII other product" the following item shall be deleted.

- "3. Crabs      4. Fish      5. Prawns".

### XI

#### **Bangalore dated 2nd June, 1989 [No. CMW 183 MRE 88]**

**S.O. 970.-** In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby amends the schedule as follows,-

In the schedule in Item No. "VIII Plantation Crops and spices" after sub-item 3 "Cashewnut:", the following sub-item shall be inserted, namely,-

- "3A. Cashew Kernel"



## XII

**Bangalore dated 29th November, 1989 [No. CMW 95 MRE 89]**

**S.O. 1800.-** In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966, the Government of Karnataka hereby amends the schedule as follows,-

" In item No. XI Wood" after sub-item 21 the following shall be inserted namely,-

- |  |                                    |
|--|------------------------------------|
| 22. Salangabetu (Sall) (Hard wood)                   | 35. Hill Meranti (Soft wood)       |
| 23. Balau (Hard wood)                                | 36. Mound Data                     |
| 24. Keruing (Soft wood)                              | 37. Kempas (Hard wood)             |
| 25. Swamp M.L.H. (Soft wood)                         | 38. Mixed species                  |
| 26. Gurjan (Soft wood)                               | 39. Kwilla (Hard wood)             |
| 27. Kapur (Jungel Wood)                              | 40. Marasws med                    |
| 28. Collpophy liarm (Soft wood)                      | 41. Redal                          |
| 29. Mixed light (Hard wood)                          | 42. Terminalia                     |
| 30. Nyotah (Soft wood)                               | 43. Green F.S.T                    |
| 31. Maranti (Darked) (Soft wood)                     | 44. Yellow P.S.D                   |
| 32. Resak  | 45. Blue all                       |
| 33. Swamp Maranti (Soft wood)                        | 46. Dille Nia                      |
| 34. Hill M.L.H                                       | 47. Berkela (very hard)            |
| 48. Red mix  | 67. Hopea                          |
| 49. Water Gum  | 68. Brigilian hard wood of Angelim |
| 50. Walnut   | 69. Jatoba                         |
| 51. Terminalia Calaminia<br>(Soft wood to semi-hard) | 70. Gombe                          |
| 52. Yellow all                                       | 71. Dahoma                         |
| 53. White all  | 72. Opepe                          |
| 54. Malas (Hard wood)                                | 73. Thitkhar                       |
| 55. Kemarere (Med hard)                              | 74. Taun                           |
| 56. Vitex (Hard wood)                                | 75. Wood in rough of figi origin   |
| 57. Piny   | 76. Wandech                        |
| 58. Rengas (mixed)                                   | 77. Agathi                         |
| 59. Thingadu   | 78. Engenia                        |
| 60. Bintanger  | 79. Menggris                       |
| 61. Naga   | 80. M.L.H                          |
| 62. Tetraberlinia                                    | 81. Mercur                         |
| 64. Didelotia  | 82. Vest                           |
| 65. Ekki   | 83. Pali                           |
| 66. Iroko  | 84. Salwood                        |
|  | 85. Sarawak                        |



86. Eucalyptus".

### XIII

#### **Bangalore dated 9th May, 1991 [No. CMW 76 MRE 89]**

S.O. 501.- In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby makes the following amendment to the schedule, namely,-

In the schedule the following explanation shall be inserted at the end namely,-

**"Explanation.-** For the purpose of this Schedule agricultural produces falling under Item No. VI 'food crops' Item No. VII Oil, Seeds, sub-item 7 coriander of Item No. VIII and sub-item 5 potato of Item No. X shall not include seeds of all such agriculture produce which are certified and treated seeds, marked POISON and truthfully labelled".

### XIV

#### **Bangalore dated 9th November, 1994 [No. CMW 96 MRE 94]**

**S.O. 1446.-** In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby makes the following amendments to the schedule namely,-

In the schedule, under the heading "VIII Plantation Crops and Species", after Item No. 12, the following shall be inserted namely,-

- "13. Coffee Seeds (to the extent of free sale Quota),-
- (i) raw coffee (Cherry Coffee)
  - (ii) cured coffee seeds
  - (iii) uncured coffee seeds".

### XV

#### **Bangalore dated 9th January, 1995 [ No. CMW 104 MRE 94]**

**S.O. 67.-** In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby makes the following amendments to the schedule namely,-

In the schedule, after Item No. II, the following item and entries relating thereto shall be inserted, namely,-

- "III Flowers  
All flowers".



## XVI

### **Bangalore dated 21 st March, 1996 [No. CMW 233 MRE 94]**

In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby makes the following amendments to the schedule, namely,-

In the schedule, under the heading "VII. oil Seeds"; after Item 10, the following shall be inserted, namely,-

"11. Soyabean".

## XVII

### **Bangalore dated 4th October, 1996 [No.CMW 48 MRE 96]**

**S.O. 1742.-** In exercise of the powers conferred by section 152A of the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), the Government of Karnataka hereby makes the following amendments to the schedule, namely,-

In the schedule, under the heading "XII other products" after Item No. 9, the following shall be inserted, namely,-

"10. Dry Grapes".



**KARNATAKA ACT No. 2 OF 1984.**

**CHAPTER I**

**PRELIMINARY**

**XXX**

**XXX**

**XXX**

**35. Amendment of Karnataka Act 27 of 1966.-** In the Karnataka Agricultural Produce Marketing (Regulation) Act 1966 for clause (b) of sub-section (2) of section 16, the following clause shall be substituted, namely:-

(b) if he has been sentenced by a Criminal Court to imprisonment,-

(i) for an offence which involves moral turpitude and which is punishable with imprisonment for a term exceeding six months;

(ii) for an offences punishable under section 20, 21 or 22 of the Karnataka Marriages (Registration and Miscellaneous Provisions) Act, 1976,

such sentence not having been subsequently reversed or remitted; or "

**XXX**

**XXX**

**XXX**

**KARNATAKA ACT NO.16 OF 1991**

**XXX**

**XXX**

**XXX**

**24. Amendment of Section 61.-** In Section 61 of the principal Act, for sub-section (3), the following shall be substituted, namely:-

"(3) Notwithstanding anything contained in sub-sections (1) and (2), the Marketing Committee may with the previous approval of the Director of Agricultural Marketing create such number of temporary posts with such monthly pay for a period not exceeding one hundred and eighty days to carry out its functions and may make appointments thereof".

**XXX**

**XXX**

**XXX**

**27. Insertion of new section 63A.-** After section 63 of the principal Act, the following section, shall be inserted, namely:-

**"63A. The Market Committee and Secretary to Exercise powers and functions under the Karnataka Act 22 of 1964, 14 of 1977 and 20 of 1985.-** (1) In any area or part thereof to which this Act applies, the State Government may, by notification, declare that from such date, and for such period as may be specified therein and subject to such restrictions and modifications, if any, as may be specified in the notification,-

(i) the powers and functions of the Corporation, Municipal Council or a Mandal Panchayat or a Standing Committee thereof, under the Karnataka Municipalities



Act, 1964, Karnataka Municipal Corporations' Act, 1976 and the Karnataka Zilla Parishads, Taluk Panchayat Samithis, Mandal Panchayats and Nyaya Panchayats Act. 1983, shall be exercised and discharged by the market committee; and

- (ii) the powers and functions of the Commissioner of the Corporation, the Municipal Commissioner, Chief Officer of the Municipal Council or the Secretary of the Mandal Panchayat, as the case may be shall be exercised and discharged by the Secretary:

Provided that the Corporation, the Municipal Council or the Mandal Panchayat concerned shall be consulted before the making of such declaration, if such area or part thereof lies within the limits of a city, a city or a town municipality or a mandal.

(2) On the making of the declaration under sub-section (1), notwithstanding anything contained in and other law for the time being in force, the Corporation, the Municipal Council or the Mandal Panchayat or any standing Committee thereof or the Commissioner of the Corporation, the Municipal Commissioner or chief Officer of the Municipal Council or the Secretary of the Mandal Panchayat shall not be competent to exercise and discharge the powers and functions conferred or imposed on the market committee and Secretary, as the case may be, by such declaration.

(3) The market committee or the Secretary may delegate any of the powers exercisable and functions that maybe discharged by it or him under sub-section (1) to any officer or servant of the Market Committee.

(4) Exercise or discharge of any of the powers and functions delegated under sub-section (3) shall be subject to such limitations, conditions and control, as may be laid down by the market committee or the Secretary , as the case may be",.

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**37. Amendment to section 78.-** In section 78 of the principal Act, in sub-section (1), after the proviso the following shall be inserted, namely:-

"Provided further that the maximum commission payable under this Act, shall not exceed,-

- (i) in case of coconut, rupees fifteen per one thousand; and  
(ii) in the case of any other agricultural produce, rupees fifteen per quintal";

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**39. Amendment of section 85.-** In section 85 of the principal Act:-

(1) In sub-section (1), for the words "or a bank guarantee of not less than rupees one thousand", the words "of rupees five thousand, and a continuous bank guarantee of rupees



ten thousand or an amount equal to two percent of the annual turn-over of the previous year, whichever is more", shall be substituted;

(2) after sub-section (1), as so amended, the following shall be inserted, namely:-

"Provided that nothing in sub-section (1) shall apply to any co-operative society".

**40. Amendment of section 86.-** In section 86 of the principal Act, in sub-Section (1), for the words "or a bank guarantee of not less than one thousand rupees but not exceeding five thousand rupees as may be specified in the bye-laws", the words "of five thousand rupees and a continuous bank guarantee of rupees ten thousand or an amount equal to two per cent of the annual turn-over of the previous year whichever is more", shall be substituted.

**41. Amendment of section 90.-** In section 90 of the principal Act, in sub-section (3), for clauses (a) to (d), the following shall be substituted, namely:-

"(a) in the Karnataka State Co-operative Apex Bank; or

(b) In any co-operative bank having its branch office in the market area; or

(c) in a Government Savings Bank",

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**46. Substitution of Section 106.-** For section 106 of the principal Act, the following shall be substituted, namely:-

**"106. Term of office of the members of the Board.-** The term of office of the elected members of the Board shall, save as otherwise provided in this Act, be co-terminus with the term of office of the members of the market committee:

Provided that the term of office of the elected members of the Board shall be deemed to have been continued till the term of office of the duly elected members commences".

**47. Insertion of new section 106A.-** After section 106 of the principal Act, as so substituted, the following shall be inserted, namely:-

**"106A. Sitting fees and allowances to Chairman, Vice-Chairman and other members.-** The Chairman Vice-Chairman and other members shall receive such sitting fees and other allowances as may be specified by regulations".

**48. Insertion of new section 109A.-** After section 109 of the principal Act, the following section shall be inserted, namely:-

**"109A. Functions of the Managing Director.-** (1) Subject to the general powers of the Chairman under section 107, the Managing Director of the Board shall,-

(a) exercise the powers and perform the duties specially conferred or imposed upon him by this Act or the rules and regulations made thereunder,

(b) control the officers and servants of the Board subject to the general superintendence and control of the Chairman;



- (c) supervise and control execution of all works of the Board;
- (d) have custody of all records and documents connected with the proceedings of the meetings of the Board;
- (e) draw and disburse monies out of the funds of the Boards; and
- (f) exercise such other powers and perform such other functions as may be specified by regulations.

(2) The Managing Director of the Board shall attend every meeting of the Board and take part in the proceedings of the meeting but shall not have right to move a resolution or vote".

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**50. Substitution of Section 112.-** For Section 112 of the principal Act, the following section shall be substituted namely:-

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"(2) After the establishment of the Board it shall be consulted on any proposal under sections 4, 5, 6, 68, 96, 126, 126A, 127, 143, 144, 145 and 149".

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**56. Substitution of section 147.-** For section 147 of the principal Act, the following shall be substituted, namely:-

**"147. Regulations.-** (1) The Board may, subject to the provisions of this Act and the rules made under section 146 and with the previous approval of the State Government make regulations to carry out the purposes of this Act.

(2) In particular. and without prejudice to the generality of the foregoing power, the Board may make regulations to provide for all or any of the following matters, namely:-

- (a) summoning and holding of meetings of the board, the time and date when such meetings are to be held the conduct of business at such meetings and the number of persons necessary to form a quorum thereat;
- (b) powers and duties of the officers and the employees of the Board;
- (c) recruitment, appointment and other conditions of service of officers and other employees of the Board;
- (d) management of property of the Board;
- (e) execution of contracts and acquiring of movable and immovable properties on behalf of the Board;
- (f) maintenance of accounts , monitoring and auditing and preparation of balance sheet by the Board;
- (g) Procedure for carrying out the functions of the Board under this Act;



(h) manner of preparing Budget;

(i) Any other matter, for which provision has to be or may be provided by regulations".

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### KARNATAKA ACT 16 OF 1998

**2. Amendment of section 10.-** In section 10 of the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966) (hereinafter referred to as the Principal Act) in sub-section (1), in clause (ii), for the words "one trader other than a retail trader" the words "One person from amongst commission agents or traders other than retail traders" shall be substituted.

**3. Amendment of section 11.-** In section 11 of the principal Act, in sub-section (1), in clause (ii), for the words "elected by the traders" the words "elected by the commission agents and traders" shall be substituted.

**4. Amendment of section 63.-** In section 63 of the principal Act. In sub-section (2), in clause (b), after sub-clause (xi), the following sub-clause shall be inserted, namely:-

"(xii) receive the price of notified agricultural produce from commission agents or traders, as the case may be, and arrange for payment to the sellers".

**5. Amendment of section 75.-** In section 75 of the principal Act:-

(i) the words "and outside the market or the sub-market" shall be omitted;

(ii) for the words "the maximum period of credit prescribed by the bye-laws" the words "seven days" shall be substituted.

**6. Insertion of new section 77A.-** After section 77 of the principal Act, the following section shall be inserted, namely:-

**"77A. Payment of price of notified agricultural produce by the traders.-** The trader who buys notified agricultural Produce shall pay the price of such produce to the seller in the following manner:-

(i) If the trader buys notified agricultural Produce directly from the seller, the trader shall immediately after the sale, remit the price of such produce to the market committee along with authentic documents and take delivery of the produce.

(ii) If the trader buys notified agricultural produce through the commission agent in cash, the trader shall immediately after the sale remit the price of such produce to the market committee along with authentic documents and take delivery of the produce.



(iii) If the trader buys notified agricultural Produce through the commission agent on credit, the trader shall remit the price of such produce to the commission agent along with authentic documents within the period of credit allowed and till such remittance is made, he shall not remove the produce from the yard"

**7. Substitution of section 78.-** For section 78 of the principal Act, the following shall be substituted, namely:-

**" 78. Commission agent's commission and responsibility.-** (1) A commission agent shall receive his commission only from the buyer through market committee at such rates not exceeding two percent of the price, for which the notified agricultural produce is sold as may be specified in the bye-laws:

Provided that in the case of notified agricultural produce like fruits, vegetables and flowers, a commission agent may charge commission at such rates not exceeding five percent of the price for which such notified agricultural produce is sold as may be specified in the bye-laws.

(2) A commission agent shall,-

- (a) arrange for the storage and sale of notified agricultural produce entrusted to him by the seller;
- (b) keep the goods of the seller in safe custody and adequately insured against fire, theft, flood, rain or any other natural calamities; and
- (c) in the case of credit sale of notified agricultural produce belonging to the seller remit immediately after the sale, the price of such produce to the market committee along with authentic documents irrespective of whether he has or has not received the price of the produce from the buyer.

(3) A commission agent shall receive through the Market Committee his commission and such other amount as are authorised to be deducted on the basis of authentic documents".

\* \* \*

### **KARNATAKA ACT NO. 38 OF 2013**

(First published in the Karnataka Gazette Extra-ordinary on the Sixteenth day of March, 2013)

### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) (AMENDMENT) ACT, 2013**

(Received the assent of the Governor on the thirteenth day of March, 2013)



An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Whereas it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty Fourth Year of the Republic of India as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2013.

(2) It shall come into force at once.

(Sections 17, 21,25,26 and 65 are incorporated in the Principal Act)

#### **KARNATAKA ACT NO. 05 OF 2014**

(First published in the Karnataka Gazette Extra-ordinary on the fourth day of January, 2014)

#### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) (SECOND AMENDMENT) ACT, 2013**

(Received the assent of the Governor on the Third day of January, 2014)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966;

Whereas, it is expedient to further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty-Fourth Year of the Republic of India, as follows:-

**1. Title and commencement.-** (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Second Amendment) Act, 2013.

(2) It shall come into force at once.

Sections 6, 65,72,72A,72D,131C,133 are Incorporated in the Principal Act,



## **KARNATAKA ACT NO 20 OF 2014**

(First Published in the Karnataka Gazette Extra-ordinary on the Twentyeighth day of February, 2014)

### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) (AMENDMENT) ACT, 2014**

(Received the assent of the Governor on the Twenty–eighth day of February, 2014)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966;

Whereas, it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the sixty-fifth year of the Republic of India, as follows:-

**1. Title and commencement.-** (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2014.

(2) It shall come into force at once.

**Section 63 is Incorporated in the Principal Act.**

## **KARNATAKA ACT NO. 20 OF 2016**

(First Published in the Karnataka Gazette Extra-ordinary on the Twenty seventh day of July, 2016)

### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) AND CERTAIN OTHER LAW (AMENDMENT) ACT, 2016**

(Received the assent of the Governor on the Twenty sixth day of July, 2016)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 and the Karnataka Agricultural Produce Marketing (Regulation) and Certain Other Laws (Amendment) Act, 1991.

Whereas, it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) and the Karnataka Agricultural Produce Marketing (Regulation) and Certain Other Laws (Amendment) Act, 1991 (Karnataka Act 16 of 1991) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the sixty-seventh year of the Republic of India, as follows:-



**1. Short title and commencement.-** (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) and Certain other law (Amendment) Act, 2016.

(2) It shall come into force at once.

Section 10, 11, 14 and 90 are Incorporated in the Principal Act.

### **KARNATAKA ACT NO.51 OF 2020**

(First published in the Karnataka Gazette Extra-ordinary on the 1st day of December 2020)

### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) (AMENDMENT) ACT, 2020**

(Received the assent of the Governor on 27<sup>th</sup> day of November 2020)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Whereas, it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy first year of the Republic of India, as follows:-

**1. Title and commencement.-**(1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2020.

(2) It shall come into force at once.

**2. Amendment of section 65.-** In section 65 of the Principal Act,-

(i) in sub-section (6), in clause (b), the following proviso shall be inserted at the end, namely:-

"Provided that, no market fee is payable by new agricultural produce processing industries identified under Karnataka New Industrial Policy 2009-14, who have gone into production between the period from 06-04-2011 to 16-03-2013 in respect of purchase of agricultural produce for the extended/ balance period under Integrated Agri-Business Development Policy-2011 as announced in the Karnataka Industrial Policy 2014-19, subject to the production of a certificate issued by the Director of Industries and Commerce, Government of Karnataka, to the effect that the unit is eligible for exemption of fee."

(ii) after sub-section (6), the following shall be inserted, namely:-

"(7) Notwithstanding anything contained in this Act, no market fee is payable for a period of ten years by new agricultural produce processing industries in respect of purchases of agricultural produce by such industries in accordance with the Karnataka Agri-



Business and Food Processing Policy-2015 of the Government published in the Government Order No. AGD 94 AMS 2015, dated: 11.12.2015, subject to the production of a certificate issued by the Director of Industries and Commerce, certifying that he is eligible for exemption of fee.”

By Order and in the name of  
the Governor of Karnataka,

**(K. DWARAKANATH BABU)**  
Secretary to Government  
Department of Parliamentary Affairs  
And Legislation

### **KARNATAKA ACT NO.59 OF 2020**

(First published in the Karnataka Gazette Extra-ordinary on the 31<sup>st</sup> day of December 2020)

### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) (AMENDMENT) ACT, 2020**

(Received the assent of the Governor on 30<sup>th</sup> day of December 2020)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Whereas, it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966), for the purpose hereinafter appearing.

Be it enacted by Karnataka State Legislature in the Seventy first year of the Republic of India, as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2020.

(2) It shall be deemed to have come into force with effect from 16<sup>th</sup> May, 2020.

**2. Amendment of section 8.-** In section 8 of the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) (herein after referred to as the Principal Act),-

(i) for sub-section (2), the following shall be substituted, namely;-

“(2) The Market Committee shall regulate the marketing of notified agricultural produce in the market yards, market sub-yards and sub-market yards.”; and

(ii) sub-section (3) shall be omitted.

**3. Amendment of section 117.-**In section 117 of the Principal Act, the words “or whoever in contravention of the provisions of sub-section (2) of section 8 uses any place for purchase or sale of notified agricultural produce” shall be omitted.



**4. Repeal and savings.**-(1) The Karnataka Agricultural Produce Marketing (Regulation and Development) (Second Amendment) Ordinance (Karnataka Ordinance No.21 of 2020) is hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the Principal Act, as amended by this Act.

By Order and in the name of  
the Governor of Karnataka,

**(K. DWARAKANATH BABU)**  
Secretary to Government  
Department of Parliamentary Affairs  
And Legislation

### **KARNATAKA ACT NO.20 OF 2024**

(First Published in the Karnataka Gazette Extra-ordinary on the 7<sup>th</sup> day of March, 2024)

### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) (AMENDMENT) ACT, 2023** (Received the assent of the Governor on the 6<sup>th</sup> day of March, 2024)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Whereas it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy fourth year of the Republic of India as follows:-

**1. Short title and commencement.**- (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2023.

(2) It shall come into force at once.

**2. Amendment of section 8.**- In the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) (herein after referred to as the Principal Act) in section 8 , -

(i) in sub-section (1), in clause (b) after the words “the market committee”, the words “or the Director of Agricultural Marketing or the officer authorized by him”, shall be inserted;

(ii) for sub-section (2), the following shall be substituted, namely:-



“(2) No place except the market yard, market sub-yard, sub-market yard, private market yard or farmer-consumer market yard, as the case may be, shall be used for purchase or sale of notified agricultural produce.”

(iii) after sub-section (2), as so substituted the following shall be inserted, namely:-

“(3) Nothing in sub-section(2) shall apply to,-

(a) the purchase or sale of notified agricultural produce by,-

(i) a Taluk Agricultural produce Co-operative Marketing Society;

(ii) a Primary Agricultural Co-operative Credit Society; and

(iii) any other Co-operative Society permitted by the State Government.

(b) the sale of notified agricultural produce by a retail trader.

(c) a sale by a contract farming producer to a contract farming sponsor under contract farming agreement.

(d) a direct purchase of notified agricultural produce by a licensee from the agriculturist under section 72-A of the Act.”

**3. Substitution of section 117.**-For section 117 of the Principal Act, the following shall be substituted, namely:-

“**117. Penalty for contravention of section 8.**- Whoever in contravention of the provisions of clause (b) of sub-section (1) of section 8 uses any place in the market area for marketing any agricultural produce or operates as a trader, commission agent, broker, processor, warehouseman or in any other capacity, without a valid licence or whoever in contravention of the provisions of sub-section (2) of section 8 uses any place for purchase or sale of notified agricultural produce shall, on conviction, be punished with imprisonment for a term which may extend to three months and with fine which may extend to rupees ten thousand but shall not be less than rupees five thousand and in case of second time contravention a fine of rupees twenty thousand and in case of third time contravention a fine of rupees thirty thousand.”

By Order and in the name of  
the Governor of Karnataka,

**G. SRIDHAR**

Secretary to Government  
Department of Parliamentary  
Affairs and Legislation



## **KARNATAKA ACT NO. 21 OF 2024**

(First Published in the Karnataka Gazette Extra-ordinary on the 7<sup>th</sup> day of March, 2024)

### **THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) (AMENDMENT) ACT, 2024**

(Received the assent of the Governor on the 6<sup>th</sup> day of March, 2024)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Whereas it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy fifth year of the Republic of India as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2024.

(2) It shall come into force at once.

**2. Amendment of section 63.-** In the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) (herein after referred to as the Principal Act) in section 63, in sub-section (2), in clause (a), after sub-clause (xv) the following shall be inserted, namely:-

"(xvi) to make contribution to the Market Development Assistance Fund constituted under section 64-D".

**3. Insertion of new sections 64-D and 64-E.-** After section 64-C of the Principal Act, the following shall be inserted, namely:-

**“64-D. Establishment of Market Development Assistance Fund.-** (1) The State Government shall establish a fund called as the Market Development Assistance Fund. The Agricultural Produce Market Committees shall remit to the said fund not less than 5% of revenue collected from market fee and license fee, before 15<sup>th</sup> of every month.

(2) The Market Development Assistance Fund shall be administered by a committee consisting of the following members, namely:-



(i)	The Minister for Agricultural Marketing	Ex-officio Chairperson
(ii)	The Secretary to Government, Department of Co-operation	Ex-officio Member
(iii)	The Secretary to Government, Finance Department	Ex-officio Member
(iv)	The Director, Agricultural Marketing and Ex-Officio Managing Director of the Karnataka State Agricultural Marketing Board	Ex-officio Member Secretary

(3) The Managing Director of the Karnataka State Agricultural Marketing Board shall operate the said fund which shall be kept or invested in a Scheduled Bank.

(4) The accounts relating to the fund shall be prepared annually and audited by the State Audit and Accounts Department. Such audited accounts report shall be submitted to the State Government for approval.

**64-E. Application of Market Development Assistance Fund.-** (1) Subject to the provisions of this Act and rules made thereunder, the Market Development Assistance Fund may be utilized for the purpose of development of market yards of financially weak Agricultural Produce Marketing Committees:

Provided that, the Fund may be utilized for any flagship program as suggested by the Chairman.

(2) Such weak Agricultural Produce Marketing Committees shall submit project reports seeking financial assistance for undertaking the development of market yards in their jurisdiction, to the Committee as under sub-section (2) of section 64-D.

(3) Administrating Committee while selecting the financially weak Agricultural Produce Marketing Committees seeking assistance, shall take into account the factors like trade potentiality, availability of resources with the Agricultural Produce Marketing Committee, backwardness of the region, location of the market and the impact on the trade after development etc.”

**4. Amendment of section 112.-** In section 112 of the Principal Act, in sub-section (1), after clause (j), the following shall be inserted, namely:-

“(j-a) to undertake procurement operations of notified agricultural produce under Floor Price Scheme and Minimum Support Price Scheme



entrusted by the Government from time to time and to take up commercial operation in respect of the said agricultural produce; and”

By Order and in the name of  
the Governor of Karnataka,

**G. SRIDHAR**

Secretary to Government  
Department of Parliamentary  
Affairs and Legislation

**KARNATAKA ACT NO. 19 OF 2025**

(First Published in the Karnataka Gazette Extra-ordinary on the 25<sup>th</sup> day of March, 2025)

**THE KARNATAKA AGRICULTURAL PRODUCE MARKETING  
(REGULATION AND DEVELOPMENT) (AMENDMENT) ACT, 2025**

(Received the assent of the Governor on the 24<sup>th</sup> day of March, 2025)

An Act further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Whereas it is expedient further to amend the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy sixth year of the Republic of India as follows:-

**1. Short title and commencement.**- (1) This Act may be called the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2025.

(2) It shall come into force at once.

**2. Amendment of section 2.**- In the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (Karnataka Act 27 of 1966) (hereinafter referred to as the Principal Act), in section 2,-

(i) after clause (13), the following shall be inserted, namely:-

**“(13-A) “E-commerce platform”** means an online platform for facilitating licensed traders under the Act to sell market fee suffered notified agricultural produce to the licensed retail traders in the market area for sale to consumers for domestic consumption and not for subsequent sale or processing and shall also mean an online platform for farmers to pay by using e-payment method”.

(ii) in clause (21), after the word “trader” the words “warehouse service provider” shall be inserted;



- (iii) in clause (37-A), after the words “ quantity of notified agricultural produce” the words “and classify the retail trader for the purpose,” shall be inserted;
- (iv) after clause (50), the following shall be inserted, namely:-

**“(50-A)“Warehouse service provider”** means a person, firm, company who makes or provides services for buying and selling of notified agricultural produce in a notified warehouse and collects service charges for the same.”

**3. Amendment of section 6.-** In the Principal Act, in section 6 in sub section (2),-

(i) for the third proviso, the following proviso shall be substituted, namely:-

“Provided also that, the Director of Agricultural Marketing may declare a warehouse, silos, cold storage, pack houses, cleaning, grading and packaging unit as sub-market, market sub-yard or sub-market yard as the case may be in such manner as may be prescribed.

(ii) after third proviso as so amended, the following shall be inserted namely:-

“Provided also that, all processing units licensed by the market committee which is outside the market yards and within the market area, shall be deemed as sub-market, market sub-yard or sub-market yard as the case may be for the purpose of regulation.”

**4. Insertion of new section 78-B.-** In the Principal Act, after section 78A, the following new section shall be inserted, namely:-

**“78-B. Responsibility of Warehouse service provider.-**(1) A warehouse service provider shall receive his service charge only from the buyer of the notified agricultural produce which shall not exceed five percent of the price for which such notified agricultural produce is sold in respect of fruits, vegetables, flowers and two percent in all other notified produce.

(2) A warehouse service provider,-

(i) shall arrange for the safe custody of the goods of the seller and storage of notified agricultural produce and adequately insure against fire, theft, flood, rain or any other natural calamities;

(ii) shall provide for fire fighting arrangements, electronic weightment and facilities for e-trading, assaying facilities, quality certification, display of prices of commodities in the markets and other facilities to be provided as notified by the Director of Agricultural Marketing; and

(iii) A warehouse service provider shall make arrangements for pledge loan facility.



(3) In case the payment of price is not made under section 78 of the Act, A warehouse service provider shall be liable to make additional payment at the rate of one percent per day of the total price of the notified agricultural produce payable to the seller within five days, failing which the declaration of the warehouse for the purpose of warehouse based sales shall be cancelled”.

**5. Insertion of new Chapter XIII-D.-** After chapter XIII-C of the Principal Act, the following shall be inserted, namely:-

**“CHAPTER XIII-D**

**E-Commerce Platform**

**131-K. Establishment of E-Commerce Platform.-** (1) No person shall establish and run e-commerce platform for trading in notified agricultural produce without obtaining a license under this section.

(2) Subject to such conditions, and such fees and such security deposit as may be prescribed, the Director of Agricultural Marketing shall

grant license to setup e-commerce platform for facilitating trading in the notified agricultural produce.

(3) Any person who desires to establish and run e-commerce platform may apply to the Director of Agricultural Marketing in such manner along with such fee and security deposit as may be prescribed.

(4) The e-commerce platform shall,-

- (ix) provide payment facility for notified agricultural produce traded by traders in the platform;
- (x) allow only the licensed traders licensed by the appropriate authority under the Act for registering with the e-commerce platform.
- (xi) ensure transparency in operation, decision making related to entire trading operations taking place in the platform.
- (xii) provide for collection of fees, charges etc., relating to registration, trading transactions taken place in the platform.
- (xiii) maintain records in electronic format of all the transactions traded in the platform;
- (xiv) provide services relating to grading, quality certification and standardization of commodities, collateral financing, borrowing and other services required by the participants of the platform;
- (xv) trade only in the market fee suffered goods offered for sale by the licensed traders and in case, contrary to the above takes place, the licensee of the platform has to pay the market fee applicable to the concerned market committee; and



- (xvi) provide the operational and working guidelines to the licensing authority and after approval of the same, function the platform accordingly.

**131-L. Reports of E-commerce Platform Licensee.-** The licensee shall maintain record of all the transactions taken place on the e-commerce platform in the electronic format and submit such periodical reports and returns at such times and in such forms as specified by the Director of Agricultural Marketing from time to time to the licensing authority or any officer authorized by him in this behalf.

**131-M. Power to cancel or suspend e-commerce license.-** The Director of Agricultural Marketing for reasons shall recorded in writing suspend or cancel e-commerce platform license granted by him in the following circumstances, namely:-

- (vi) if the license has been obtained through willful misrepresentation or fraud;
- (vii) if the license holder or any one acting on his behalf with his express or implied permission commits a breach of any of the terms or conditions of the license;
- (viii) if the license holder in combination with licensed traders or other licensed e-commerce platform holders, commits any act or abstains from carrying normal business in the platform with an intention of willfully obstructing, suspending or stopping of marketing of notified agricultural produce in the market area which had a consequence on the business operations in the market yards.
- (ix) if the license holder becomes an insolvent; and
- (x) if the license holder incurs any disqualification in such manner as may be prescribed;

Provided that, no order shall be made without giving notice to the licensee.

**131-N. Appeal.-** Any person aggrieved by an order of the Director of Agricultural Marketing prefer an appeal to the Karnataka Appellate Tribunal within thirty days of receipt of the order communicated in this regard.

**131-O.Redressal of disputes.-** Any dispute between the e-commerce platform licensee, licensed trader permitted to operate in the platform or the buyer of the produce offered in the platform, as the case may be regarding payment to be made to the licensed traders for the sale of agricultural produce in the platform, jurisdiction of operation, weight of agricultural



produce, quality, price, charges, fees etc., shall in writing file a complaint by himself or through his authorized representative before the Director of Agricultural Marketing within thirty days from the date of arising the dispute with necessary documents.

(2) The Director of Agricultural Marketing on receipt of the complaint, after giving an opportunity of being heard with the concerned parties and making necessary enquiry, decide the dispute within a period of sixty days from the date of receipt of the complaint.

**131-P. Penalty for contravention of section 131-K.-** Whoever contravenes the provisions of section 131-K shall, on conviction, shall punished with imprisonment for a term which may extend to six months or with a fine of rupees one lakh or with both.”

By Order and in the name of  
the Governor of Karnataka,

**G. SRIDHAR**

Secretary to Government  
Department of Parliamentary  
Affairs and Legislation