



**KARNATAKA LEGISLATIVE ASSEMBLY  
FOURTEENTH LEGISLATIVE ASSEMBLY  
FIRST SESSION ADJOURNED MEETING**

**THE KARNATAKA AGRICULTURAL PRODUCE MARKETING  
(REGULATION AND DEVELOPMENT) (SECOND AMENDMENT) BILL, 2013**  
**(L.A. Bill No. 11 of 2013)**

A Bill 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.

**2. Amendment of section 6.**- 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 6, in sub-section (2),-

(i) in clause (a), after the words "any other specified area", the words "including a warehouse" shall be inserted.

(ii) in clause (d), after the second proviso, the following shall be inserted, namely:-

"Provided also that, the Director of Agricultural Marketing may declare a warehouse in a sub-market, market sub-yard or sub-market yard in such manner as may be prescribed."

**3. Amendment of section 65.**- In section 65 of the principal Act, in sub-section (2), after the third proviso, the following shall be inserted, namely:-

"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 ."

**4. Amendment of section 72.**- In section 72 of the principal Act,-

- (i) the word "trader" occurring in two places shall be omitted; and
- (ii) after sub-section (3), the following shall be inserted, namely:-

"(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"

**5. Amendment of section 72A.**- In section 72A of the principal Act, in sub-section (2), for clause (b), the following shall be substituted, namely:-

"(b) establish a Direct Purchase Center to purchase notified agricultural produce directly from an agriculturist; or"

**6. Amendment of section 72D.**- In section 72D of the principal Act, in sub-section (1), after the words, figures "section 72C", the words, figures and brackets " or section 72 (4)" shall be inserted.

**7. Amendment of section 131C.**- In section 131C of the principal Act,-

(i) in sub-section (1), the words "with the Market Committee or" shall be omitted;

(ii) for sub-section (4), the following shall be substituted, namely:-

"(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."

(iii) in sub-section (5), for the words "Disputes Committee", the words "Registering Authority" shall be substituted.

**8. Amendment of section 133.**- In section 133 of the principal Act, after the words "any class of co-operative societies", the words "or farmers producer organizations in the State" shall be inserted.

**STATEMENT OF OBJECTS AND REASONS**

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.

**FINANCIAL MEMORANDUM**

The amendments propose exemption to be granted from payment of market fee on fruits and vegetables. There is an anticipated revenue loss of about Rupees 7 crores. However because of the proposed reforms in the Agricultural Marketing sector, by introduction of warehouse based sales, single unified license to trades, improved marketing processes there is a expected increase in trade volumes and consequentially increase of higher market fee collection. This should more than offset the anticipated loss.

**MEMORANDUM REGARDING DELEGATED LEGISLATION**

**Clause 2.-** Empowers the State Government to make rules regarding declaring a warehouse in a sub-market, market sub-yard or sub-market yard.

**Clause 4.-** Empowers the State Government to make rules regarding the manner and the form of a trader licence.

**Clause 7.-** Empowers the State Government to make rules, regarding manner of giving opportunity of being heard as the parties in dispute arising out of contract farming agreement.

The proposed delegation of Legislative power is normal in character.

**SHAMANOOR SHIVASHANKARAPPA**  
Minister for Agricultural Produce Marketing  
and Horticulture

**P. OMPRAKASHA**  
Secretary  
Karnataka Legislative Assembly

**ANNEXURE**

**EXTRACT FROM THE KARNATAKA AGRICULTURAL PRODUCE  
MARKETING (REGULATION AND DEVELOPMENT) ACT, 1966  
(KARNATAKA ACT 27 OF 1966)**

xx

xx

xx

**6. Markets, market yards, market sub-yards, sub-markets and  
sub-market yards.- (1) xx xx xx**

(2) (a) The 1[Director of Agricultural Marketing]1 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 in the market area to be a sub-market.

xx

xx

xx

(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.

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:

Provided further that if in respect of any market area, the 1[Director of Agricultural Marketing 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.

xx

xx

xx

**65. Levy of market fees.- (1) x x x**

(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 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 five rupees per head of cattle other than sheep or goat, and in the case of sheep or goat such fee shall not be, more than one rupee per head in such manner and at such times as may be specified in the bye-laws.

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.

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.

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.

**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.

xx

xx

xx

**72. Grant of licences.-** (1) Subject to the provisions of this Act and the rules made in this behalf, a market committee may on an application made by any person in such form as may be prescribed and, 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 trader, 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 there for, 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 APMC 511 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, 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 trader 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.

xx

xx

xx

**72A. Establishment of private market yards and direct purchase from agriculturist or from producer.- (1) xx xx xx**

(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;
- (b) trade of notified agricultural produce of such specification as mentioned in the license;

xx

xx

xx

**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 as the case may be, for the reasons to be communicated to the licence holder in writing, suspend or cancel, licence,-

xx

xx

xx

**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 with the Market Committee or with such officer and in such manner as may be prescribed.

xx

xx

xx

(4) Any Disputes arising out of contract farming agreement shall be referred to Disputes Committee constituted under section 84 of the Act. The Disputes Committee 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.

(5) The party aggrieved by the decision of the Disputes Committee 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.

xx

xx

xx

**133. Power to exempt certain class of co-operative societies etc., from the provisions of Act.-** The State Government may, by notification, exempt any State Government undertaking or any class of co-operative societies 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.

xx

xx

xx