



KARNATAKA LEGISLATIVE ASSEMBLY
SIXTEENTH LEGISLATIVE ASSEMBLY
SIXTH SESSION

**THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND
DEVELOPMENT) (AMENDMENT) BILL, 2025**
(LA Bill No. 01 of 2025)

A Bill 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 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;**

(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,-

- (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 wilful 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.”

STATEMENT OF OBJECTS AND REASONS

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.

FINANCIAL MEMORANDUM

There is no extra expenditure involved in the proposed legislative measure.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 3:	Sub-clause (i), proposes to substitute third proviso to sub-section (2) of section 6 empowers the Government to prescribe by rules such manner to declare 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.
Clause 5:	<p>(1) Section 131-K proposed to be inserted by this clause,-</p> <p>(i) Sub-clause (2), empowers the State Government to prescribe by rules such conditions, and such fees and such security deposit to grant license to set up e-commerce platform.</p> <p>(ii) Sub-clause (3), empowers the State Government to prescribe by rules in such manner along with such fee and security deposit may apply to the Director of Agricultural Marketing.</p> <p>(2) Item (V) of section 131-M proposed to be inserted by this clause empowers the State Government to prescribe by rules such manner the license holder incurs any disqualification.</p>

The proposed delegation of Legislative power is normal in character.

SHIVANAND PATIL

Minister for Textiles, Sugarcane Development
and Directorate of Sugar and Agricultural
Marketing from Co-operation

M.K. VISHALAKSHI

Secretary
Karnataka Legislative Assembly

ANNEXURE
THE KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION AND DEVELOPMENT) ACT, 1966 (KARNATAKA ACT 27 OF 1966)

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2. Definitions:-

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(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, and such other person as may be declared under the rules or the bye- laws to be a market functionary;

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(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 as the State Government may by notification specify from time to time. 37B) "rural

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6. Markets, market yards, market sub-yards, sub-markets and sub-market yards.-

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(2) (a) The Director of Agricultural Marketing 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 2 including a warehouse in the market area to be a sub-market.

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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.

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