



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 26TH DAY OF MARCH, 2026

BEFORE

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

WRIT PETITION NO.6132 OF 2026 (APMC)

BETWEEN:

M/S. JANATHA TRADERS
NO.20/1, 2ND MAIN ROAD,
MARKET YARD, YESHWANTHPURA,
BENGALURU-560 022, REPRESENTED BY ITS
PROPRIETRIX, SMT. D. MAMATHA.

...PETITIONER

(BY SMT. SHILPA RANI, ADVOCATE)

AND:

1. STATE OF KARNATAKA,
REPRESENTED BY ITS PRL. SECRETARY,
DEPARTMENT OF AGRICULTURAL MARKETING,
VIKASA SOUDHA, BENGALURU-560 001.
2. THE DIRECTOR OF AGRICULTURAL MARKETING,
NO.16/11, RAJABHAVANA ROAD,
BENGALURU-560 001.
3. THE AGRICULTURAL PRODUCE MARKET COMMITTEE,
YESHWANTHPUR, TUMAKURU ROAD,
BENGALURU-560 022
REPRESENTED BY ITS SECRETARY.

...RESPONDENTS

(BY SMT. RASHMI RAO, HCGP FOR R-1 & R-2;
SRI NANDA KISHORE, ADVOCATE FOR R-3)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227
OF THE CONSTITUTION OF INDIA, PRAYING TO QUASH THE OFFICIAL
MEMORANDUM DATED 13.02.2026 BEARING NO. KruHuMaSa(Bem)

Digitally signed by
MAHALAKSHMI B M
Location: HIGH
COURT OF
KARNATAKA



NiYaVi/5113/2025-26 ISSUED BY THE RESPONDENT NO.3 AS PER ANNEXURE-D.

THIS PETITION COMING ON FOR 'ORDERS', THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL ORDER

The petitioner has called in question the Official Memorandum dated 13.02.2026 issued by respondent No. 3 - Agricultural Produce Market Committee ('APMC' for short), whereby the licence granted to the petitioner under the provisions of Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 ('APMC Act' for short) has been cancelled on the ground of repeated violations relating to payment of sale consideration to farmers.

BRIEF FACTS

2. The petitioner is a licenced commission agent under Section 73 of the APMC Act, operating in APMC market yard. It is the case of the respondents that multiple complaints were received from farmers alleging



delayed payment of sale consideration in respect of agricultural produce, particularly onions. Based on such complaints and verification of the records, the market committee, in its meeting dated 30.01.2026, resolved to cancel the licence and consequently issued the impugned Official Memorandum dated 13.02.2026. It is the case of the petitioner that the amounts were subsequently paid and the complaints for withdrawal by the farmers and therefore, no further action could have been taken.

3. Learned counsel for the petitioner contends that,

(i) The impugned order is in violation of Section 73 sub-clause (4) of the APMC Act, which mandates that no licence shall be suspended or cancelled without affording an opportunity to show cause.

(ii) No effective opportunity of hearing was provided prior to passing of the impugned order.



(iii) The complaints relied upon by the respondents were subsequently withdrawn and the dues were settled along with interest.

(iv) Once the grievances of the farmers stood resolved, the very basis of cancellation of licence ceased to exist.

(v) The action of cancellation is disproportionate and arbitrary, offending Article 14 and 19 (1) (g) of the Constitution.

4. Per contra, learned counsel for respondent No. 3 submits that,

(i) The petitioner is a habitual defaulter in making timely payment to farmers.

(ii) Under Section 78 (2) sub-clause (c) of the Act, a commission agent is under a statutory obligation to remit the sale proceeds immediately after sale, irrespective of whether the payment is received from the buyer.



(iii) The delays in the present case are substantial, extending up to several months thereby violating the statutory mandate.

(iv) Subsequent payment or withdrawal of complaints do not cure the initial statutory violation as the provisions are intended to protect farmers.

(v) Notices are issued and the petitioner had knowledge of the proceedings, hence there is no violation of principles of natural justice.

(vi) The petitioner has an alternative remedy of appeal under Section 132 and therefore the writ petition is not maintainable.

5. This Court has carefully considered the rival submissions and perused the material on record.

6. The impugned Official Memorandum dated 13.02.2026 cancels the licence of the petitioner on the ground that the petitioner has failed to remit the sale proceeds to the farmers within the time stipulated under



the Act, thereby attracting an action under the relevant provisions including Section 75 and Section 78 of the APMC Act. At the outset, it is not in dispute that the petitioner is a licensed commission agent governed by the provisions of the APMC Act. The material on record indicates that the complaints were received from farmers alleging delay of sale consideration and the same has - been seriously disputed as the petitioner admits subsequent payment.

7. Under Section 78 (2) sub-clause (c), a commission agent is under a statutory obligation to remit the sale proceeds immediately after sale, irrespective of the receipt from the buyer. The object of the provision is to ensure prompt payment to farmers who are treated as vulnerable class with regulated market framework. Therefore, any delay particularly of the nature indicated in the present case constitutes a statutory violation.



8. However, the question that arises is, whether notwithstanding such violation, the licence could have been cancelled without strict compliance of Section 73 sub-clause (4) of the Act.

9. Section 73 sub-clause (4) of the Act reads as under : -

"73. Power to cancel or suspend licences.

(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."

10. The above provision expressly mandates that no licence shall be suspended or cancelled unless the holder has been given an opportunity to show cause. This provision embodies the principles of natural justice and cannot be dispensed with lightly.

11. In the present case, though the notices appear to have been issued in respect of individual complaints, the



records do not disclose that a show cause notice proposing cancellation of licence was issued, nor is there any material demonstrated that the petitioner was afforded a hearing to respond to such proposed action before the final order was passed. Further while it is true that the subsequent payment or withdrawal of complaints may not obliterate the initial violation under Section 78, the same constitutes a relevant factor that ought to have been considered by the authority while determining the proportionality of the action to be taken. Cancellation of the licence entails serious civil consequences, including deprivation of the entry to carry on trade. Therefore, the authority is required to strictly adhere to the procedural safeguards and record reasons reflecting the consideration of all relevant aspects. In the absence of the compliance with the mandatory requirement under Section 73 sub-clause (4), the impugned order stands vitiated on the ground of violation of principles of natural justice. Accordingly, this Court pass the following :



ORDER

- (i) The Writ Petition is ***allowed in part.***
- (ii) The impugned Official Memorandum dated 13.02.2026 is set aside reserving liberty to the respondents to proceed afresh in accordance with law.

Sd/-

JUSTICE K.S. HEMALEKHA

CKL
List No.: 1 Sl No.: 61