

Karnataka Warehouses Act, 1961

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India

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Act 11 of 1962

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Karnataka Warehouses Act, 1961(Karnataka Act No. 11 of 1962)Last Updated 26th November, 2019Statement of Objects and Reasons - Act 11 of 1962. - The Agricultural Produce (Development and Warehousing) Corporation Act, 1956, providing for the establishment of Central and State Warehousing Corporations, has been passed by Parliament. A State Warehousing Corporation has accordingly been established by this Government. The operations of this Corporation requires passing of a suitable warehousing legislation. The proposed Bill is based on model draft Bill circulated by Government of India for adoption by the States and aims to bring a uniform law in all the five integrated areas of new Mysore for establishment, supervision and control of independent warehouses.The main features of the Bill are:-(1) Prohibition of persons without a licence from carrying on the business of warehouseman;(2) Prescription of certain duties of warehouseman;(3) Inspection and grading of goods; and(4) Issue of warehouse receipts.(Obtained from L.C. Bill No. 601 dated 21st July 1959) (File No. LAW 56 LGN 58.)Statement of Objects and Reasons - Amendment Act 22 of 1965. - It is considered necessary to amend the Mysore Warehouses Act, 1961, casting a clear obligation on every warehouseman and depositor of complying with the provisions of the Central Excises and Salt Act, 1944 and the rules and notifications issued thereunder in respect of goods deposited in a warehouse.Hence this Bill.(Obtained from L.A. Bill No. 14198 dated 18th February 1965) (File No. LAW 13 LGN 65).(First published in the [Karnataka Gazette] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.] on the Twenty-ninth Day of March, 1962.)(Received the assent of the President on the Seventh day of March, 1962.)An Act to provide for the regulation and licensing of warehouses in the [State of Karnataka] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.].Whereas it is expedient to encourage the establishment of independent warehouses and make provision for their supervision and control;Be it enacted by the [Karnataka State] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.] Legislature in the Twelfth year of the Republic of India as follows:-

Chapter I

Preliminary

1. Short title, extent and commencement.

(1) This Act may be called the [Karnataka] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.] Warehouses Act, 1961. (2) It extends to the whole of the [State of Karnataka] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.]. (3) It shall come into force on such [date] [Act has come into force w.e.f. 01.09.1969 by notification. The text of notification is at the end of the Act.] as the State Government may, by notification, appoint.

2. Definitions.

- In this Act, unless the context otherwise requires, - (a) "co-operative society" means a society registered or deemed to be registered under the [Karnataka] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.] Co-operative Societies Act, 1959 [Karnataka] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.] Act 11 of 1959); (b) "depositor" means a person who tenders his goods to the warehouseman for storing in his warehouse and includes any person who lawfully holds the receipt issued by the warehouseman in respect of such goods and derives title thereto by a proper endorsement or transfer thereof to him by the depositor or the depositor's lawful transferee; (c) "goods" means any of the articles specified in the schedule to this Act; (d) "licensed warehouse" means a warehouse licensed under this Act; (e) "notification" means a notification published in the official Gazette; (f) "person" includes any company or association or body corporate; (g) "prescribed" means prescribed by rules made under this Act; (h) "prescribed authority" means in relation to any provision of this Act, the authority prescribed by rules to carry out such provision; (i) "receipt" means a warehouse receipt in the prescribed form issued by a warehouseman to a person depositing goods in the warehouse; (j) "rules" means rules made by the State Government under this Act; (k) "warehouse" means any building, structure or other protected enclosure which is or may be used for the purpose of storing goods on behalf of depositors but does not include cloak rooms attached to hotels, railway stations, the premises of other public carriers, and the like; and the expression 'warehousing' shall be construed accordingly; (l) "warehouseman" means a person, who has obtained licence under this Act in respect of his warehouse.

Chapter II

Licensing of Warehouses

3. Regulation of business of warehousing.

- No person shall carry on the business of warehousing except under licence granted under this Act and in accordance with such terms and conditions thereof as may, from time to time, be prescribed.

4. Grant of licence.

(1) Every application for a licence shall be made in the prescribed form to the prescribed authority. (2) Subject to the provisions of section 5, the prescribed authority may, on receiving such

application and on payment of such fees as may be prescribed, grant a licence.

5. Conditions for grant of licence.

(1) Before granting a licence the prescribed authority shall satisfy itself, - (a) that the warehouse mentioned in the application is suitable for proper storage of the class or classes of goods in respect of which the licence has been applied for; (b) that the applicant is competent to conduct such a warehouse; (c) that the applicant fulfils any other condition notified by the State Government under sub-section (2); (d) that the applicant has paid the fee prescribed for the licence and has also furnished the prescribed security, if any: Provided that where the applicant is a corporation established under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, no security shall be required; (e) that there is no other cause or reason for which the applicant for the licence may, in the opinion of the prescribed authority, be deemed to be disqualified. (2) The State Government may, by notification add to or alter the conditions under which a licence is granted to a warehouseman under this section.

6. Term and renewal of licence.

- Every licence granted under section 4 shall be valid for the prescribed period, and may, on application and payment of the prescribed fee, be renewed from time to time by the prescribed authority, and for the prescribed period, provided the other conditions referred to in section 5 continue to be fulfilled.

7. Notice of refusal to grant or renew licence.

- If the prescribed authority refuses to grant or renew a licence under section 4 or 6, it shall record its reasons for such refusal in writing and communicate a copy of its order to the applicant.

8. Suspension and cancellation of licence.

(1) Every licence granted under section 4 or renewed under section 6 shall be liable to be suspended or cancelled either temporarily or permanently by the prescribed authority, for reasons to be recorded in writing if in its opinion the licensee, - (a) has applied to be adjudicated or been adjudicated an insolvent; or (b) has parted in whole or in part with his control over the warehouse; or (c) has ceased to conduct such warehouse; or (d) has made unreasonable charges for the services rendered by him; or (e) has in any other manner become incompetent to conduct such warehouse; or (f) has contravened or failed to comply with any of the terms of the licence or any of the provisions of this Act or of the rules. (2) If a licence is suspended or cancelled the prescribed authority shall make an entry to that effect in the licence.

9. Notice of suspension and cancellation of licence.

(1) Before passing an order under section 8, the prescribed authority shall give notice to the warehouseman stating the grounds on which it is proposed to suspend or cancel his licence and give him a reasonable opportunity of showing cause against it. (2) After considering the explanations, if any, of the warehouseman, the prescribed authority may pass such orders as it deems just.

10. Return of licence.

- When a licence expires or is suspended or cancelled, the warehouseman shall cease to work as such and shall, return the licence to the prescribed authority who shall give reasonable time to the warehouseman to enable him to wind up the business.

11. Duplicate licence.

(1) Where a licence granted to a warehouseman is lost, destroyed, torn, defaced or otherwise becomes illegible, the prescribed authority shall issue a duplicate licence on the application of the warehouseman and on payment of the prescribed fee. (2) When a duplicate licence is issued it shall be clearly stamped "Duplicate" and shall be marked with the date of issue of the duplicate and that of the original from the record of the office issuing the licence.

Chapter III

Duties of a Warehouseman

12. Reasonable care of the goods deposited to be taken.

- Every warehouseman shall take such care of the goods deposited with him as a man of ordinary prudence would take of his own goods under similar circumstances and conditions.

13. Precautions against damage or injury to goods.

(1) Every warehouseman shall keep his warehouse clean and free from damp, take all necessary precautions against rats and other pests and fulfil such other conditions as may be prescribed. (2) No warehouseman shall accept goods for deposit which are likely to cause damage to other goods which are or may be deposited in the warehouse.

14. Preservation of identity of goods.

- Every warehouseman shall keep the goods of one depositor separate from the goods of other depositors and from other goods of the same depositor for which a separate receipt has been issued, in such a manner as to permit at all times of the identification and delivery of the goods deposited: Provided that where standardized and graded goods are stored in a warehouse, then

subject to any agreement between the warehouseman and a depositor, the same variety of goods belonging to different depositors may be pooled together and each depositor shall be entitled only to his portion of the goods according to weight or quantity, as the case may be, as shown in his receipt.

15. Goods deteriorating in warehouse and their disposal.

(1)Whenever goods deposited in a warehouse deteriorate from causes beyond the control of the warehouseman, he shall forthwith give notice of such deterioration to the depositor, requiring him to take delivery of the goods immediately, after surrendering the receipt duly discharged and paying all charges due to the warehouseman.(2)If the depositor does not, within a reasonable time, comply with a notice given to him under sub-section (1), the warehouseman may cause the goods to be removed from the warehouse and sold by public auction at the cost and risk of the depositor.(3)Any person having an interest in any goods deposited in a warehouse or in the receipt of such goods may inform the warehouseman in writing of the fact and nature of his interest and the warehouseman shall keep a record thereof, and if such person requests in writing that intimation be given to him regarding the condition of the goods and agrees to pay the charges for giving such intimation the warehouseman shall give him intimation accordingly.

16. Delivery of goods.

(1)Every warehouseman, in the absence of reasonable excuse, shall, without unnecessary delay, deliver the goods deposited in his warehouse without deterioration to the depositor on demand made by him and surrender of the receipt duly discharged and payment of all charges due to the warehouseman.Explanation. - For the purposes of this sub-section, deterioration from causes beyond the control of the warehouseman, shall not be deemed to amount to deterioration.(2)Subject to any agreement between the warehouseman and the depositor, the depositor may take partial delivery of the goods deposited in a warehouse.

17. Liability of warehouseman for shortage or excess in goods stored.

(1)If there is any excess in the goods stored in a warehouse by absorption of moisture or other causes beyond the control of the warehouseman, the warehouseman shall not be entitled thereto.(2)If there is any shortage in the goods stored in a warehouse by dryage or other causes beyond the control of the warehouseman, the warehouseman shall not be responsible therefor.(3)In the event of a dispute arising as to whether such shortage or excess is due to dryage or absorption of moisture or is due to other causes beyond the control of the warehouseman, the matter shall be referred in such manner and within such time as may be prescribed, to the appellate authority referred to in section 29 whose decision thereon shall be final and binding.

18. Insurance of goods in a warehouse.

(1)Every warehouseman shall insure the goods stored in his warehouse against such events and in such manner as may be prescribed by rules, and such rules may provide that insurance against

certain events shall be optional: Provided that nothing in this section shall apply to goods deposited in a warehouse belonging to a Corporation established under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956 (Central Act 28 of 1956), where such corporation has agreed, in the prescribed manner, to compensate the depositor against loss or damage arising from the prescribed events. (2) Every warehouseman shall be entitled to recover from the depositor, at the rate prescribed if the insurance is obligatory, or at the rate agreed to if the insurance is optional, the charges for insurance in respect of the depositor's goods before delivery thereof and the warehouseman shall have a lien on the said goods in respect of such charges.

19. Discrimination prohibited.

- No warehouseman shall, in the conduct of his business, discriminate between persons desiring to avail themselves of the facilities of his warehouse: Provided that a warehouseman shall show such preference to co-operative societies in the State and allow them such concessional rates as may be prescribed.

20. Warehouseman not to deal in or lend against goods in warehouse.

- Notwithstanding anything contained in any other law, no warehouseman other than a cooperative society shall either on his own account or that of others, deal in, or lend money on goods received by him for deposit in his warehouse.

21. Accounts and books to be maintained by warehouseman.

- A warehouseman shall maintain accounts, books and records in such form and manner as may be prescribed.

Chapter IV

Inspection And Grading of Goods

22. Inspection.

- The prescribed authority may, at any time, during business hours, inspect, or examine or cause to be inspected or examined, any licensed warehouse, its machinery and equipment, goods deposited therein and the account books and records relating thereto, for the purpose of satisfying itself that the requirements of this Act and the rules are being complied with.

23. Weighers, samplers and graders to obtain licences.

(1) The prescribed authority may, on application made in the prescribed manner and on payment of the prescribed fee, issue licences to persons possessing the prescribed qualifications entitling them to act as weighers, samplers and graders of any goods deposited or to be deposited in a licensed

warehouse and to issue certificates as to the weight, bulk, quality or grade of the goods, which they have examined.(2)Any certificate so issued shall, subject to the provisions of section 24 be binding on the warehouseman and the depositor as to the weight, bulk, quality or grade of the goods so certified.(3)No person who is not licensed under this section shall act, or hold himself out, as a weigher, sampler or grader.

24. Provisions regarding licences under section 23.

(1)Every licence granted to a weigher, sampler or grader, under section 23, shall be valid for the prescribed period and may, on application and payment of the prescribed fee, be renewed from time to time for the prescribed period by the prescribed authority.(2)The prescribed authority may for reasons to be recorded in writing suspend or cancel any such licence.(3)Before suspending or cancelling a licence under sub-section (2), the prescribed authority shall give notice to the licensee stating the grounds on which it is proposed to suspend or cancel his licence and give him a reasonable opportunity of showing cause against it.(4)After considering the explanations, if any, of the licensee, the prescribed authority may pass such orders as it deems just.(5)The holder of any such licence shall, on the expiry thereof or the receipt of an order suspending or cancelling it, return the licence to the prescribed authority.(6)Where a licence granted to a weigher, sampler or grader is lost, destroyed, torn, defaced or otherwise becomes illegible, the prescribed authority shall issue a duplicate licence on the application of the weigher, sampler or grader, as the case may be, and on payment of the prescribed fee.

25. Facilities to be given for weighing goods, etc.

- Every warehouseman shall provide facilities for weighing, sampling and grading any goods deposited in his warehouse.

Chapter V

Warehouse Receipts

26. Receipt to be issued.

- For the goods deposited in his warehouse by each depositor, the warehouseman shall issue a receipt which shall contain full particulars of the goods and be in the prescribed form.

27. Receipts for deposits in warehouses.

- The receipt issued by a warehouseman shall, unless it is otherwise specified thereon, be transferable by endorsement and shall entitle the lawful holder thereof to receive the goods specified in it on the same terms and conditions as the original depositor.

28. Duplicate receipt.

- If a receipt is lost, destroyed, or damaged the warehouseman shall, on application by the depositor and payment by him of the prescribed fee issue a duplicate receipt on such conditions he may think fit to impose, being conditions included in rules prescribed for the purpose.

Chapter VI

Miscellaneous

29. Decision of appeals, disputes and complaints.

(1)An appeal against any order of the prescribed authority refusing to grant or renew a licence or suspending or cancelling any such licence in respect of a warehouseman or weigher, sampler or grader or against any other order of the prescribed authority shall be made to such authority and within such time as may be prescribed.(2)The decision of such appellate authority shall be final.

30. No compensation for suspension or cancellation of licence.

- Where any licence is suspended or cancelled under this Act, the licensee shall not be entitled to any compensation therefor, nor shall he be entitled to the refund of any fee paid by him for the licence.

31. Security amount to be forfeited and recovered as arrears of land revenue.

(1)If a warehouseman fails to comply with, or contravenes any of the terms or conditions of, his licence or of any provision of this Act, then, without prejudice to any other penalty to which he may be subject, the amount of security deposited by him under a bond executed by him under the provisions of this Act shall be liable to be forfeited, and the amount due under such bond shall be recoverable from him, or from his sureties or their heirs or legal representatives, as an arrear of land revenue.(2)The State Government may make payment out of the amount so forfeited or recovered, to any person who may have sustained loss by reason of the warehouseman failing to comply with, or acting in contravention of, any terms or conditions of his licence or of any provision of this Act.

32. Contracts and agreements inconsistent with Act to be void.

- Every contract or agreement which is inconsistent with the provisions of this Act or the rules shall, to the extent of such inconsistency, be void.

32A. [Warehousemen and depositors to comply with the provisions of Central Act 1 of 1944. [Inserted by Act 22 of 1965 w.e.f. 18.11.1965.]

- In respect of goods warehoused under this Act to which the provisions of the Central Excises and Salt Act, 1944, are applicable, every warehouseman or depositor shall comply with the provisions of

the said Act and the rules and notifications issued thereunder in, so far as they are applicable to such goods.]

33. Penalty.

(1)Whoever, fails to comply with, or acts in contravention of, any provision of this Act shall be deemed to commit an offence under this Act, and shall, on conviction, be punished,-(a)in the case of a contravention of the provisions of section 3 or 20, with simple imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both;(b)in any other case with fine which may extend to one thousand rupees.(2)(a)Where an offence under sub-section (1) is committed by a company, the company, as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:Provided that, nothing contained in this clause shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised due diligence to prevent the commission of such offence.(b)Notwithstanding anything contained in clause (a), where an offence under sub-section (1) has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part of, any Director, Manager, Secretary or other officer of the company, such Director, Manager, Secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.Explanation. - For the purposes of this sub-section,-(i)a company means any body corporate and includes a firm or other association of individuals; and(ii)"director" in relation to a firm means a partner in the firm.

34. Rules.

(1)The State Government may, by notification, and after previous publication, make rules to carry out the purposes of this Act.(2)In particular and without prejudice to the generality of the foregoing power, such rules may add any article to, or omit any article from the Schedule, or provide for,-(a)the matters expressly required or allowed by this Act to be prescribed;(b)the conditions to be inserted in licences to be granted to warehousemen and the form of such licences;(c)the publication of the grant, suspension or cancellation of licences to warehousemen and of consolidated lists of warehousemen and licensed warehouses;(d)the charges to be levied by the warehousemen for their services;(e)the books, accounts and records to be maintained by warehousemen;(f)the conduct of public auctions for the sale of goods deteriorating or about to deteriorate in licensed warehouses and the manner in which the proceeds of such sales shall be accounted for;(g)the scales of losses and gains of weight or bulk which may be sustained by goods owing to shrinkage or dryage in the one case and owing to absorption of moisture in the other;(h)the disinfection of licensed warehouses and the disinfection of goods stored therein;(i)the efficient conduct generally of the business of warehousemen;(j)the qualifications to be possessed by persons applying for grant of licences as weighers, samplers or graders; the conditions to be inserted in their licences; the form of the certificates to be issued by them and the grounds on which the licences may be suspended or cancelled;(k)the standard weights, measures and gradations of goods to be used in licensed

warehouses;(l)the authority to which and the time within which an appeal under section 29 should be made;(m)the manner of giving notices under this Act.(3)Every rule made under this Act, 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 successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

35. Act not to apply to certain warehouses.

- Nothing contained in this Act shall apply to any warehouse appointed or licensed under the provisions of the Sea Customs Act, 1878 (Central Act VIII of 1878), the Inland Bonded Warehouses Act, 1896 (Central Act VIII of 1896), the Central Excises and Salt Act, 1944 (Central Act 1 of 1944) or the rules made thereunder.

36. Repeal and savings.

- The Bombay Warehouses Act, 1947 (Bombay Act LVI of 1947), as in force in the [Belgaum Area] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.], the Coorg Warehouses Act, 1956 (Coorg Act V of 1956), as in force in the Coorg District, the Hyderabad Warehouses Regulation, 1358 F (Hyderabad Regulation XLVI of 1358 Fasli), as in force in the [Gulbarga Area] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.], the Madras Warehouses Act, 1951 (Madras Act XV of 1951), as in force in the [Mangalore and Kollegal Area] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.], the Madras Warehouses Act, 1951 (Madras Act XV of 1951), as in force in the Bellary District and the Mysore Warehouses Act, 1951 (Mysore Act XXIX of 1951), as in force in the Mysore Area are hereby repealed:Provided that section 6 of the [Karnataka] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.] General Clauses Act, 1899 [Karnataka Act] [Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 01.11.1973.] III of 1899), shall be applicable in respect of the repeal of the said enactments and sections 8 and 24 of the said Act shall be applicable as if the repealed enactments had been repealed and re-enacted by this Act.

Schedule

[See section 2(c)](Goods to Which this Act Applies)I. Fibres,-(1)Cotton ginned and unginned.(2)San hemp.(3)Agave, coir and their products.II. Cereals.III. Pulses.IV. Oilseeds including copra and their products.V. Cashewnuts, coconuts.VI. Jaggery, Sugar and Khandasari.VII. Fruits.VIII. Vegetables, potatoes, onions.IX. Animal Husbandry Products,-(1)Wool,(2)Butter,(3)Ghee,(4)Milk,(5)Eggs.X. Fish.XI. Condiments, spices and others,-(1)Coriander,(2)Chillies,(3)Turmeric,(4)Garlic,(5)Ginger,(6)Cummin,(7)Tamarind,(8)Cardamom,(9)Cattle fodder.XIII. Tobacco.XIV. Fertilisers.NotificationsBangalore, dated 6th August, 1969 [No.

DPC 49 CWH 69.]S.O. 1683. - In exercise of the powers conferred by sub-section (3) of Section 1 of the Mysore Warehouses Act, 1961 (Mysore Act No. 11 of 1962), the Government of Mysore hereby appoints the 1st day of September, 1969, as the date on which the said Act shall come into force.