

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2011-12)**

FIFTEENTH LOK SABHA

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

**WAREHOUSING CORPORATIONS
(AMENDMENT) BILL, 2011**

TWENTY THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

AUGUST, 2012/ BHADRAPADA, 1934(Saka)

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AFFAIRS AND PUBLIC DISTRIBUTION
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(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

**WAREHOUSING CORPORATIONS
(AMENDMENT) BILL, 2011**

Presented to Lok Sabha on 30.08.2012

Laid in Rajya Sabha on 30.08.2012



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2012/ Bhadrapada, 1934 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND
PUBLIC DISTRIBUTION – 2011-12.**

Shri Vilas Muttemwar - Chairman

MEMBERS

Lok Sabha

2. Shri Jaywant Gangaram Awale**
3. Smt. Harsimrat Kaur Badal[%]
4. Shri Tarachand Bhagora
5. Shri Shivraj Bhaiya
6. Shri Arvind Kumar Chaudhary
7. Shri Sanjay Dhotre
8. Dr. Ram Chandra Dome
9. Shri Abdul Mannan Hossain
10. Shri Prataprao Ganpatrao Jadhav**
11. Shri Lal Chand Kataria
12. Shri Marotrao Sainuji Kowase
13. Shri Gobinda Chandra Naskar
14. Shri Prabodh Panda
15. Shri Sohan Potai
16. Shri Purnmasi Ram
17. Shri Ramkishun
18. Shri Chandulal Sahu (Chandu Bhaiya)
19. Dr. Naramalli Sivaprasad*
20. Shri E.G. Sugavanam^{\$}
21. Smt. Usha Verma**

Rajya Sabha

22. Smt. T. Ratna Bai
23. Dr. M.S. Gill
24. Shri Vivek Gupta^{@@}
25. Shri P. Kannan
26. Shri Lalhming Liana
27. Shri Sanjay Raut
28. Ms. Rekha^{##}
29. Dr. T.N. Seema
30. Shri Veer Singh
31. Shri Kaptan Singh Solanki^{# and @}

* Nominated w.e.f. 25.11.2011

** Nominated w.e.f. 03.01.2012

\$ Nominated w.e.f. 12.04.2012

Vice Shri Kanjibhai Patel, Shri Rajniti Prasad and Shri Kaptan Singh Solanki retired from Rajya Sabha w.e.f. 02.04.2012.

@ Nominated w.e.f. 04.05.2012.

@@ Nominated w.e.f. 22.05.2012.

% Nominated w.e.f. 28.06.2012.

Nominated w.e.f. 11.07.2012

SECRETARIAT

- | | | |
|---------------------------------|---|----------------------------|
| 1. Shri P.K. Misra | - | Joint Secretary |
| 2. Smt. Veena Sharma | - | Director |
| 3. Smt. Darshna Gulati Khanduja | - | Senior Executive Assistant |

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2011-12) having been authorized by the Committee to submit the Report on their behalf, present this Twenty-third Report on “The Warehousing Corporations (Amendment) Bill, 2011” pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Warehousing Corporations (Amendment) Bill, 2011 was introduced in Lok Sabha on 8th December, 2011 and was referred to the Standing Committee on Food, Consumer Affairs and Public Distribution by the Hon'ble Speaker, Lok Sabha under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha on 5th January, 2012 for examination and report to Parliament.

3. The Bill seeks to provide financial and operational autonomy to Central Warehousing Corporation, a profit making CPSE, identified as a Mini-Ratna (Category – I) by DPE, by deleting sub-section (1) of Section 5 of the Warehousing Corporations Act, 1962, thereby withdrawing the Government Guarantee and absolving the Central Government of its responsibility of being guarantor.

4. The Committee obtained written information on various provisions contained in the Bill from the Nodal Ministry i.e. the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution). The preliminary meeting of the Committee was held on 6th June, 2012 wherein the Committee was briefed about the various provisions of the Bill by the Nodal Ministry.

5. The Committee invited the views/suggestions of the Individuals/Institutions/Stakeholders etc. on the various provisions of the Bill. The Committee obtained and considered the views/suggestions of the Ministry of Finance, Ministry of Commerce and Industry, Ministry of Agriculture and Ministry of Heavy Industries & Public Enterprises. The Committee also obtained the views/suggestions of

various nationalized banks such as UCO Bank, Bank of Baroda, State Bank of Mysore, State Bank of India, Indian Overseas Bank and Central Bank of India. Besides, the views/suggestions of FCI, various State Warehousing Corporations, LIC, National Insurance Company Ltd., The Oriental Insurance Company Ltd. and STC were also obtained. The representatives of the Department of Food and Public Distribution tendered oral evidence and gave clarification on the various provisions of the Bill before the Committee at its sittings held on 18th July, 2012. The Committee considered and adopted the draft Report on the Bill at their sitting held on 28th August, 2012.

6. The Committee wish to express their thanks to the various above mentioned Ministries/Individuals/Institutions/Organizations/State Warehousing Corporations etc. who furnished their valuable views/suggestions on the provisions of the Bill to the Committee.

7. The Committee also express their thanks to the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for tendering evidence before the Committee and for furnishing the detailed information/material, desired in connection with the examination of the Bill.

8. For facility of reference and convenience, the observations/ recommendations of the Committee have been printed in bold letters in the body of the Report.

New Delhi
August, 2012

Bhadrapada, 1934 (Saka)

VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution

CHAPTER – I

INTRODUCTORY

A. BACKGROUND

Central Warehousing Corporation (CWC) was set up on 2nd March, 1957 under the Agricultural produce Development and Warehousing Corporation Act, 1956 which was subsequently replaced by Warehousing Corporation Act, 1962. The Warehousing Corporation Act, 1962 was enacted to provide for the incorporation and regulation of the Central Warehousing Corporation for the purpose of warehousing of Agricultural produce and certain other commodities and for matters connected therewith.

1.2 The Central Warehousing Corporation established under the said Act is a profit earning Public Sector Enterprise under the administrative control of the Department of Food and Public Distribution. It has an authorized capital of Rs. 100 crore and paid up share capital of Rs. 68.02 crore.

1.3 As informed by the Department of Food and Public Distribution, the functions of CWC are :-

- (a) To acquire, build and run warehouses in India and abroad for storage of agricultural inputs and produce and other notified commodities.
- (b) To provide facilities for Handling and Transportation of stocks to and from warehouses.
- (c) To create infrastructure facilities for EXIM trade.
- (d) To act as agent of Government/Companies/Body Corporates for the purpose of purchase, sale, storage, distribution of stocks.
- (e) To provide Disinfestation and Pest Control services outside its warehouses.
- (f) To provide Consultancy services in related fields.

B. NEED FOR AMENDMENT IN THE WAREHOUSING CORPORATIONS ACT, 1962

1.4 The Department of Food and Public Distribution has informed that with a view to providing financial and operational autonomy to the CWC, which is a profit making CPSE; it was identified as a Mini-Ratna (Category I) Enterprise as it fulfilled the criteria laid down by the Department of Public Enterprises (DPE) for the purpose.

The criteria for grant of Mini-Ratna Category-I Status to a CPSE is as follows:-

- (a) CPSE should have made profit for the last three years continuously.
- (b) Earned pre-tax profit of Rs. 30 crore or more in at least one of the three years and has a positive net worth.
- (c) Should not have defaulted in the repayment of loans or interest payment on any loans due to the Government.
- (d) CPSE should not depend upon budgetary support or Government guarantees except in special circumstances e.g. stipulations of external donor agencies or budgetary support to implement Government sponsored projects.
- (e) The Board should include at least three non-official Directors in order to exercise enhanced delegation of authority.

1.5 The Committee were informed that CWC meets the criteria for Mini-Ratna Status, in view of the following:-

- (a) CWC has been making profit since 1966-67.
- (b) CWC has made pre-tax profit of Rs. 30 crore or more since 1987-88 and has positive net worth since inception.
- (c) CWC has not obtained any loan from the Government and there has been no default in repayment or loan or any interest payment on any loans due to the Government.
- (d) It is not dependent on any budgetary support or Government Guarantee for its operations or expansion.

(e) The Board of Directors of CWC include three non-official Directors since 30.06.2010 to enable it to exercise enhanced delegation of authority.

1.6 Department of Public Enterprise (DPE) agreed to the proposal for grant of Mini-Ratna powers to CWC subject to the condition that the Department of Food and Public Distribution will delete section 5(1) of the Warehousing Corporations Act, 1962 which stipulates that the shares of CWC shall be guaranteed by the Central Government as to the repayment of the principal and the payment of the annual dividend at such minimum rate as may be fixed by the Central Government, by notification published in the Official Gazette, at the time of the issue of the shares.

1.7 Justifying the need for award of Mini-Ratna Status to CWC, the Secretary, Department of Food and Public Distribution, while deposing before the Committee, stated as under:-

'The Corporation, therefore, qualifies for the status of Mini-Ratna category. It qualified for this status in 1999 itself. The Mini-Ratna status will enable the Corporation to exercise financial and operational autonomy for incurring capital expenditure, formation of joint ventures, subsidiaries and also HRD management powers, etc. However, the Corporation has not been able to use this status because of this guarantee in section 5 (1).'

C. OBJECTIVES OF THE WAREHOUSING CORPORATIONS (AMENDMENT) BILL, 2011

1.8 As per the Statement of Objects and Reasons, one of the essential criteria for award of Mini-Ratna status to a Central Public Sector Enterprise is that no financial support or contingent liability on the part of the Government should be involved in respect of that enterprise and that it should also not depend upon any budgetary support or Government guarantee.

1.9 The Central Warehousing Corporation has consistently paid dividend to the Government of India since 1957-58. The net worth of the Corporation has been positive from 2003 onwards. The Corporation has not taken any loan from the Central

Government. It is also not dependent upon budgetary support of the Government. Moreover, the Government has so far given no other guarantee to the Corporation except for the payment of minimum guaranteed dividend as required under sub-section (1) of section 5 of the Warehousing Corporations Act, 1962. Hence, the said section 5 of the Act is proposed to be suitably revised with consequential changes in sections 27, 30, 31 and 39 thereof. The guarantee referred to in the said sub-section (1) of section 5 would be withdrawn and the Central Government would be absolved of its responsibility of being guarantor.

The Bill seeks to achieve the above objects.

D. PROCESS OF CONSULTATIONS HELD BY THE CWC WHILE BRINGING THE AMENDMENT TO THE WAREHOUSING CORPORATION ACT, 1962.

1.10 The Department of Food and Public Distribution have explained in detail the process of consultations held by CWC while bringing the proposed amendments to the Warehousing Corporations Act, 1962 which are given as under:-

Department of Legal Affairs was consulted in the matter, on the proposal to delete section 5 (1) of the CWC Act, 1962 subject to vetting and consequential changes. It was proposed to make consequential amendments in sections 27(4), 30(2), 31(8) and 39 of the Act. Legislative department also did not find any legal and constitutional objection to the aforesaid amendments and agreed to the same. The draft Cabinet note was prepared and circulated to the Department of Public Enterprises, Department of Expenditure, Planning Commission, Department of Revenue, Department of Commerce, Department of Economic Affairs and Department of Agriculture and Cooperation on 9th April, 2009.

Department of Expenditure, Planning Commission, Department of Commerce, Department of Economic Affairs and Department of Agriculture and Cooperation conveyed their no objection to the proposal. Department of Revenue stated that they had no comments to offer. Department of Public Enterprises stated that they had no objection to the proposal provided it did not affect the interests of other shareholders of

CWC and also the functioning and operations of CWC. In view of the observations of Department of Public Enterprises, the matter was referred to CWC which informed that the matter was placed before the Annual General Meeting of shareholders of CWC held on 12th September, 2009 for ratifications and the General Body ratified the same, stating that it does not affect the interests of the shareholders and also the functioning and operations of CWC.

As per Cabinet Secretariat's instructions for preparation of Notes for Cabinet, after the Minister-in-charge of a Department/Ministry has approved a note for submission to the Cabinet or any cabinet Committee chaired by the Prime Minister, a copy of the note would be forwarded to the Principal Secretary to the Prime Minister immediately and thereafter, comments/advice of the PMO awaited for seven working days. Accordingly, the Cabinet Note was also sent to Prime Minister's Office (PMO) on 22.3.2011 with the approval of Hon'ble Minister of State (Independent Charge) for Consumer Affairs, Food and Public Distribution. The PMO has not furnished any comment.

The Cabinet note was approved by Hon'ble MOS (CAF&PD) (IC) on 18th March, 2011 and forwarded to Cabinet Secretariat 27th April, 2011. A meeting of the Cabinet was held on 2nd June, 2011 in Panchavati, 7 Race Course Road, New Delhi to consider the case. Cabinet Secretariat vide their communication dated 8th June, 2011 have forwarded the minutes of the meeting approving the proposal. The same was sent to Legislative Department for advice. Legislative Department advised to prepare a Statement of Objects and Reasons and a Financial Memorandum in respect of the Bill for vetting.

It was further stated that as advised by Legislative Department, the Statement of Objects and Reasons, Financial Memorandum alongwith a Notice of Introduction of Bill in Lok Sabha is submitted and the Hon'ble Minister (CA, F&PD) approved the same. The same was sent to Legislative Department to enable them to transmit the proofs of the Bill to the Lok Sabha Secretariat.

Legislative Department vide their OM dated 17th August, 2011 had forwarded the corrected proof copies of a Bill (English and Hindi version) to Lok Sabha Secretariat to

amend the WC Act, 1962 which was proposed to be introduced during the Eleventh Session of 15th Lok Sabha and endorsed a copy to this Department. The Lok Sabha Secretariat referring to the proposed proviso to Section 39 had advised that the bill will need President's recommendations for introduction and consideration in Lok Sabha Secretariat.

The recommendations of the President under article 274(1) of the Constitution for the introduction and consideration of the above said Bill in Lok Sabha was obtained and the same was conveyed to the Lok Sabha Secretariat. Accordingly, the said Bill was introduced in Lok Sabha on 8th December, 2011.

The Bill as introduced in Lok Sabha by Hon'ble Minister was referred to the Standing Committee on Food, Consumer Affairs and Public Distribution on 5th January, 2012 by the Speaker for examination and report.

E. CONSULTATIONS HELD BY THE COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION WHILE EXAMINING THE AMENDMENT BILL, 2011.

1.11 The Standing Committee on Food, Consumer Affairs and Public Distribution while examining the Amendment Bill invited comments/suggestions from various related Central Ministries, Experts, Associations, Agencies, various Stakeholders such as State Warehousing Corporation, Nationalized Banks, Co-operative Societies, Insurance Companies, FCI, STC, MMTTC, NAFED, IFFCO, KRIBHCO and other financial institutions on this Bill.

1.12 The Committee received comments from various Central Ministries viz. Ministry of Finance, Ministry of Commerce and Industry, Ministry of Agriculture and Ministry of Heavy Industry and Public Enterprises. The Committee also received comments from Nationalized Banks such as State Bank of India, Bank of Baroda, UCO Bank, Indian Overseas Bank, Central Bank of India and various insurance companies such as Life Insurance Corporation of India, National Insurance Company Ltd. and the Oriental Insurance Company Ltd. The Committee also received comments from various State Warehousing Corporations, FCI, STC, etc.

Majority of the stakeholders supported the proposed Amendment Bill. However, Bank of Baroda in their Memorandum suggested that the Central Government Guarantee should be continued for the investment already made till date including the investment to be made in future, for the uncalled capital in case of partly paid shares and further desired that this Central Government Guarantee may not be made available/offered for the future investments in the Corporation.

1.13 UCO Bank and LIC in their memoranda have not favoured the withdrawal of Central Government Guarantee as according to them, it will increase the risk weightage of their investment in the shares of the said company.

1.14 When enquired as to how will the Amendment help the CWC to have financial and operational autonomy, the Committee were informed by the Department of Food and Public Distribution that it will entitle CWC to make expenditure as follows:-

- (a) Capital Expenditure – Can incur capital expenditure on new projects, modernization, purchase of equipments, etc. without Government approval upto Rs. 500 crore or equal to its net worth, whichever is less.
- (b) Formation of Joint Ventures and Subsidiaries – Can establish Joint Ventures and Subsidiaries in India with ceiling on equity investment upto 15% of the net worth of the PSE in one project limited to Rs. 500 crore. The overall ceiling on such investment in all projects put together shall be 30% of the net worth of the PSE.

1.15 The Committee also enquired why it is felt necessary to absolve the Central Government from its responsibility of being a guarantor to the Central Warehousing Corporation and by doing this, whether the Corporation would become free from Government Control, the Department in a written reply submitted to the Committee stated that CWC is now a consistently profit making enterprise. The following statement furnished by the Department of Food and Public Distribution indicates the consistent rise in profitability of CWC during the last 5 years:-

(Amount in Crore Rs.)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover	686.44	776.23	849.25	987.95	1029.55
Profit before Tax (PBT)	133.80	154.76	110.44	163.88	203.73
Profit After Tax (PAT)	88.70	136.91	110.46	130.52	136.17
Dividend (%)	27	30	30	38	40
Net Worth	1021.77	1080.24	1156.32	1140.50	1232.32

1.16 The Department further stated-

'Normally in any company investment in shares is not guaranteed for its repayment of principal nor for dividend. The mechanism by which Central Government exercises control as prescribed under various provisions of the Warehousing Corporations Act, 1962 are not being amended. As such, the CWC would not become free from Government Control in any way. The CWC would only get functional autonomy as available to a Mini-Ratna Category-I CPSE.'

1.17 When asked whether it has been ascertained that the proposed amendments in the Act will not affect the interest of the stakeholders, the Ministry informed that in the 47th General Body Meeting held on 12.09.2009, an agenda was placed before the shareholders for consideration of the amendment to section 5(1) of the Warehousing Corporations Act, 1962. The same was approved unanimously by the shareholders present which included the State Bank of India, other scheduled banks, Co-operative Societies, Insurance Companies, Investment trusts and other financial institutions, recognised associations and companies dealing in agricultural produce or any notified commodity. The proposed amendments do not affect the interests of the shareholders as all the activities of CWC and its expansion plans involving capital expenditure are met out of its internal resources. CWC is also a consistently dividend paying PSE following the dividend policy of Govt. of India, paying dividend to its shareholders much above the minimum guaranteed dividend prescribed by the Govt.

1.18 When enquired in what way the Amendment Bill will be beneficial to the Warehousing Corporation, Central Government and other stakeholders, the Department in a written note submitted that the proposed amendments will remove sections, which stand in the way of granting functional autonomy to CWC so as to enable the government to delegate Mini-Ratna Category-I power to CWC relating to capital expenditure on new projects, modernization, etc. formation of joint ventures / subsidiaries, mergers and acquisitions, and human resources management in the organization. The enhanced financial autonomy will result in better growth and physical and financial performance of the organization benefiting all the stakeholders. As regards the expansion/diversifications plans vis-a-vis the existing storage capacity of CWC, the Committee were informed as under:-

(i) Operational Capacity As on 01.04.2012

Number of Warehouses	468
Capacity	
Constructed	71.80
Hired	10.80
Open	14.18
Management	4.07
Total	100.85 Lakh MT
Number of Bonded Warehouses	65
Capacity	4.22 Lakh MT
Number of CFSs/ICDs	36
Capacity	15.68 Lakh MT
Air Cargo Complexes	4
Capacity	7361 MT
Temperature Controlled Warehouses	4
Capacity	2439 MT

(ii) Expansion /Diversification Plans

(a) Creation of Additional Storage Capacity of 2.10 lakh MT during 2012-13.

(b) Augmentation of infrastructure for EXIM Trade at Kannur and Ambad (Nasik)

- (c) Creation of Storage capacity for Co-operative Societies.
- (d) Creation of Liquid Tank Storage facilities at some of the existing rail connected facilities.
- (e) Land Customs Station at Gojadanga (West Bengal)
- (f) Creation of multi-storied warehouses in place of conventional godowns at some of the locations.
- (g) Formation of Warehousing Finance Company.

1.19 The Warehousing Corporations (Amendment) Bill, 2011 as introduced in Lok Sabha on 8th December, 2011 by the Minister of State for Consumer Affairs, Food and Public Distribution to amend the Warehousing Corporation Act, 1962 was referred to the Standing Committee on Food, Consumer Affairs and Public Distribution on 5th January, 2012 for examination and report. The Committee note that with a view to providing financial and operational autonomy to CWC, which is a profit making CPSE, it was identified as a Mini-Ratna (Category –I) Enterprise as it fulfilled the criteria laid down by the Department of Public Enterprise (DPE) for the purpose. As per the Statement of Objects and Reasons of the Bill, one of the essential criteria for award of Mini-Ratna status to a CPSE is that no financial support or contingent liability on the part of the Government should be involved and that these public sector enterprises shall not depend upon the budgetary support or Government guarantees. The Committee also note that the CWC has been consistently paying dividend to the Government of India since 1957-58 and has not taken any loan from the Government nor is dependent on any budgetary support of the Government. Thus, the Bill seeks to withdraw the guarantee referred to in sub section (1) of section 5 of the Warehousing Corporations Act, 1962 which stipulates that the shares of CWC shall be guaranteed by the Central Government as to the repayment of the principal and the payment of the annual dividend at such minimum rate as may be fixed by the Central Government by notification published in the Official Gazette, at the time of the issues of the shares. The Committee observe that the Government had wide-ranging consultations for finalizing the Amendment Bill with various Central Government

Departments/Ministries viz. the Department of Expenditure, Planning Commission, Department of Commerce, Department of Economic Affairs and Department of Agriculture & Co-operation, who have no objection to the proposal. A majority of the stakeholders also favoured the withdrawal of Central Government Guarantee. Keeping in view the importance of the Bill which will result in better growth/performance of the organization and help to diversify its projects/plans, thus benefitting all the stakeholders, the Committee recommend the passage of The Warehousing Corporations (Amendment) Bill, 2011 subject to their observations and recommendations contained in the subsequent chapters of the Report.

CHAPTER II

(A) CLAUSE 2 — Amendment of section 5 and Deletion of section 5(1) of the Principal Act.

The Clause 2 of the Bill proposes to amend section 5 of the Warehousing Corporations Act, 1962 as under:-

Section 5 (1) of the Warehousing Corporation Act, 1962 provides as under:-

The shares of the Central Warehousing Corporation shall be guaranteed by the Central Government as to the repayment of the principal and the payment of the annual dividend at such minimum rate as may be fixed by the Central Government, by notification published in the Official Gazette, at the time of the issue of the shares.

Section 5(2) Notwithstanding anything contained in the Acts mentioned in this sub-section, the shares of the Central Warehousing Corporation shall be deemed to be included among the securities enumerated in section 20 of the Indian Trusts Act, 1882 (2 of 1882), and also to be approved securities for the purpose of the Insurance Act, 1938 (4 of 1938) and the Banking Companies Act, 1949 (10 of 1949).'

The Government in Clause (2) of the Bill proposes to delete section 5(1) of the Warehousing Corporation Act, 1962 and for section 5 (2) of the Warehousing Corporation Act, 1962, the following shall be substituted, namely:-

'5. Notwithstanding anything contained in the Acts mentioned in this section, the shares of the Central Warehousing Corporation shall be deemed to be included among others securities enumerated in section 20 of the Indian Trusts Act, 1882, and also to be approved securities for the purpose of the Insurance Act, 1938 and **the Banking Regulation Act, 1949.**'

In their written submission to the Committee, the Department of Food and Public Distribution stated :-

In order to encourage investment in the equity of the Central Warehousing Corporation, the Government decided to guarantee for

payment of principal amount and minimum dividend thereon as per section 5(1) of the Warehousing Corporations Act, 1962.

The Department also stated that –

'The intention of extending guarantee at the time of enactment was to attract investment from various stakeholders in the shares of the Corporation with minimal risk. The situation has changed totally. Investment in shares of CWC is not risky any more.'

2.2 Department of Public Enterprise (DPE) agreed to the proposal for grant of Mini-Ratna powers to CWC subject to the condition that the Department of Food and Public Distribution will delete section 5(1) of the Warehousing Corporations Act, 1962 which stipulates that the shares of CWC shall be guaranteed by the Central Government as to the repayment of the principal and the payment of the annual dividend at such minimum rate as may be fixed by the Central Government by notification published in the Official Gazette, at the time of the issue of the shares.

2.3 It was brought to the notice of the Committee by Bank of Baroda that the investment by the Bank in the Corporation as fully or partly paid shares is having SLR Status and if the Central Government guarantee is withdrawn, the investment will lose the SLR Status. They, therefore, suggested that Central Government Guarantee should be continued for the investment already made till date, including the investment to be made in future for the uncalled capital in case of partly paid shares and this Central Government Guarantee may not be made available/offered for future investment.

2.4 Asked to comment on the above suggestion of Bank of Baroda, the Ministry stated as under:-

'CWC was conferred Mini-Ratna Status way back in 1999. However, the Mini Ratna powers could not be delegated to it in view of the Government Guarantee provided under Section 5(1) of the Warehousing Corporations Act, 1962 for payment of dividend on CWC shares.

The Statutory Liquidity Ratio (SLR) is the amount of liquidity ratio such as cash, precious metals or other approved securities that a financial institution must maintain in its reserves.

CWC is a consistently profit making and dividend paying PSU. It is paying dividend at a rate much higher than the guaranteed rate of dividend (i.e. 3.5% for the shares issued up to 26th March, 1977 and @ 5.5% for the shares issued up to 23rd July, 1986). Therefore, the provision under Section 5(1) of the Warehousing Corporation Act, 1962 towards guaranteed dividend is not required.'

2.5 The following Statement indicates the dividend paid by CWC during the past 5 years :-

Sl. No.	Year	Rate of Dividend	Dividend paid to the Central Government (Rs. in lakh)
1.	2006-07	27%	1010.47
2.	2007-08	30%	1122.75
3.	2008-09	30%	1122.75
4.	2009-10	38%	1422.15
5.	2010-11	40%	1497.00

2.6 The Committee pointed out that SBI, that have around 21% equity holding in the CWC for 175439 shares have apprehended that the shares presently guaranteed by the Central Government and qualify as approved securities as per Banking Company Act, 1949 may lose the status of approved securities consequent upon withdrawal of Government Guarantee and asked to comment, the Ministry stated that Section 5 as stated in Clause 2 of the proposed amendment bill provides that 'Notwithstanding anything contained in the Acts mentioned in this section, the shares of the Central Warehousing Corporation shall be deemed to be included among other securities enumerated in section 20 of the Indian Trust Act, 1938 and the Banking Regulation Act, 1949.'

2.7 The section 5 of the Banking Regulations Act, 1949 defines approved securities as under:-

"approved securities means – (i) securities in which a trustee may invest money under clause (a), clause (bb), clause (c) or clause (d) of section 20 of the Indian Trusts Act, 1882 (2 of 1882);

(ii) such of the securities authorized by the Central Government under clause (f) of section 20 of the Indian Trust Act, 1882 (2 of 1882), as may be prescribed.

Therefore, the SBI shareholding in the equity of CWC shall continue to qualify as approved security as per Banking Regulations Act, 1949.

2.8 The Committee further asked the Ministry to comment on the apprehension of SBI that the investment of the SBI would be exposed to credit risk and would attract capital charge corresponding to the risk-weight mapped to the rating of the investment. The Ministry in reply stated that the fears of the SBI are unfounded in view of section 5(1) of the Warehousing Corporations (Amendment) Bill, 2011 which makes the shares of CWC as approved security. Moreover, the Central Warehousing Corporation (CWC) is a profitable PSU and declaring handsome dividend to its shareholders and investment in its shares yield good returns.

2.9 The Committee observed that as the CWC is an unlisted company, the investment of the company is illiquid. Further, the restrictions on transfer of the shares of the investors as per Section 4(4) of The Warehousing Corporations Act makes exit even more difficult. When asked to comment, the Ministry stated that though the shares of CWC are unlisted but as per section 4(4) of Warehousing Corporations Act, 1962, the shares are transferable to the existing shareholders. Hence, CWC's shares are not illiquid as the same are transferable to the existing shareholders. Further, the CWC has been regularly declaring handsome dividend to its shareholders for the last so many years, no shareholder would like to part with such shares. However, SBI has a right to exit by transferring its shares to other existing shareholders who will be happy to buy the same. In this context, the Ministry also stated that the proposal of amending the Act was supported by the representative Director of State Bank of India, when the proposal was considered by the Board of Directors of CWC.

2.10 When asked whether the corporation offers a 'Buy Back' of the shares on mutually acceptable terms or alternatively makes arrangements to list the shares on the bourses so that the investor is given an opportunity to redeem the investment, the

Ministry informed that there is no provision in the Warehousing Corporations Act, 1962 for 'Buy Back' of the shares or for listing of shares on the Stock Exchange. However, the shares are transferable to the existing shareholders as per section 4(4) of the Warehousing Corporations Act, 1962, which gives an opportunity to the investors to redeem their investment.

2.11 The Committee observe that to encourage investment in the equity of the CWC, the Government decided to guarantee for payment of principal amount and the minimum dividend thereon as per section 5(1) of the Warehousing Corporation Act, 1962. As informed by the Secretary, Department of Food and Public Distribution during evidence, the Corporation has been consistently making profits since 1966-67 and continuously paying dividend at a very high rate to the shareholders. The Corporation is also carrying out all its operations/expansions from internally generated resources without any budgetary support from Government of India. Taking into consideration all such factors, the Department of Public Enterprises (DPE) has identified it as a Mini-Ratna (Category – I) Enterprise. For award of Mini-Ratna Status to a Central Public Sector Enterprise, no financial support or contingent liability on the part of the Government should be involved in respect of that enterprise and that can be achieved by deleting the section 5(1) of the Act, thereby withdrawing the Government Guarantee for payment of dividend on CWC shares. The Committee feel that as the Corporation is a profit making organization since 1966-67 and consistently dividend paying PSU, that too at a rate much higher than the guaranteed rate of dividend, the provision under Section 5(1) of the Warehousing Corporation Act, 1962 towards Government guaranteed dividend and repayment of principal is not required. The Committee note that by acquiring Mini Ratna Category I status, the Corporation will be able to exercise financial and operational autonomy for incurring capital expenditure on new projects such as diversification and creation of more infrastructure and storage space, formation

of joint ventures, subsidiaries and also have HRD Management powers such as appointment, transfer, posting of Board Level Executives, etc. It will entitle the Corporation to incur capital expenditure on new projects, modernization, purchase of equipments, etc. without Government approval upto Rs. 500 crores and it may establish joint venture and subsidiaries in India with ceiling on equity investment up to 15% of the net worth of the Public Sector Enterprise (PSE) in one project limited to Rs. 500 crore. The Committee, therefore, express agreement with the amendment proposed in the Bill which will subsequently confer Mini-Ratna Status to the Corporation. The Committee, however, have been informed that there is no provision in the Warehousing Corporations Act, 1962 for 'Buy Back' of the shares or for listing of the shares on the Stock Exchange. The shares are, however, transferable to the existing shareholders as per section 4 (4) of the Warehousing Corporations Act, 1962, which gives an opportunity to the investors to redeem their investment. The Committee desire that CWC should also examine offering a 'Buy Back' of the shares, on mutually acceptable terms or alternatively make arrangements to list the shares on the bourses so that the investor is given an opportunity to redeem the investment.

(B) CLAUSE 3 — Amendment of section 27 of the Act – Inserting the word State and State Warehousing Corporation at appropriate place.

2.12 The Clause 3 proposes to amend section 27 of the Principal Act which is given as under:-

'Section 27 (4) The Bonds and debentures of a Warehousing Corporation may be guaranteed by the appropriate Government as to the repayment of principal and the payment of interest at such rate as may be fixed by the appropriate Government on the recommendation of the board of directors of the Corporation at the time the bonds or debentures are issued.'

The Government in Clause 3 proposes that in section 27 of the Principal Act, for sub section (4), the following sub section shall be substituted namely,

'(4) The bonds and debentures of a State Warehousing Corporation may be guaranteed by the appropriate Government as to the repayment of principal and the payment of interest at such rate as may be fixed by the appropriate Government on the recommendation of the board of directors of the State Warehousing Corporation at the time the bonds or debentures are issued.'

2.13 In this context, the Ministry in a written note stated as under:-

'The word 'Warehousing Corporation' is used to denote both the CWC as well as State Warehousing Corporations (SWCs). Since the proposed amendment is relating to withdrawal of guarantee in case of CWC, it is to make clear that this section is not applicable in case of CWC but remains applicable to SWCs. This is accomplished by inserting the words '**State**' and '**State Warehousing**', respectively in the proposed amendment at appropriate place.'

2.14 The Committee observe that the word Warehousing Corporation is used in the Act to denote both the Central Warehousing Corporation (CWC) as well as State Warehousing Corporation (SWCs). Since the proposed amendment is relating to withdrawal of guarantee in case of CWC, the insertion of word 'State' and 'State Warehousing' at appropriate place will further clarify that this section is not applicable in case of CWC but remains applicable to SWCs. The Committee are in agreement to the proposed amendment in the Bill.

CHAPTER III

(C) **CLAUSE 6 — Amendment of section 39 of the Act.**

3.1 The Clause 6 of the Bill proposes to amend section 39 of the Principal Act. Provisions of section 39 of the Principal Act and the amended provision as per Clause 6 of the Amendment Bill are given as under:-

Provisions as per Section 39 of the Principal Act	Amended Provisions of section 39 as per Clause 6 of the Amendment Bill
<p>Section 39 - For the purposes of the Income-tax Act, 1961, a Warehousing Corporation shall be deemed to be a company within the meaning of that Act and shall be liable to income-tax and super-tax accordingly on its income, profits and gains:</p> <p>Provided that, in the case of the Central Warehousing Corporation, any sum paid by the Central Government under the guarantee given in pursuance of sub-section (1) of section 5 or, in the case of a Warehousing Corporation, any sum paid by the Central or State Government under any guarantee given in pursuance of sub-section (4) of section 27 shall not be treated as income, profits and gains of a Warehousing Corporation, and any interest on the debentures or bonds issued by that Corporation out of such sums shall not be treated as expenditure incurred by it:</p>	<p>Section 39 - For the purposes of the Income-tax Act, 1961, a Warehousing Corporation shall be deemed to be a company within the meaning of that Act and shall be liable to income-tax and super-tax accordingly on its income, profits and gains:</p> <p>Provided that, in the case of a State Warehousing Corporation, any sum paid by the State Government under any guarantee given in pursuance of sub-section (4) of section 27 shall not be treated as income, profits and gains of the State Warehousing Corporation, and any interest on the debentures or bonds issued by that Corporation out of such sums shall not be treated as expenditure incurred by it.</p> <p>Provided further that in the case of any debenture-holder, such portion of an interest as has been paid out of any such sum advanced by the State Government</p>

<p>Provided further that in the case of any shareholder or Debenture-holder, such portion of a dividend or interest as has been paid out of any such sum advanced by the Central Government shall be deemed to be his income from interest on securities declared to the income-tax free within the meaning of section 86 of that Act.'</p>	<p>shall be deemed to be his income from interest on securities declared to be income-tax free, within the meaning of section 86 of that Act or any corresponding provision of law for the time being in force.</p>
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3.2 The Committee observed that under section 39 of the Warehousing Corporations Act, 1962, a reference to section 86 of the Income Tax Act for exempting income tax on the interest earned on debentures has been made. As informed to the Committee by the Ministry of Finance (Department of Revenue), in reply to a query, this section 86 of the Income Tax Act exempting interest on tax free securities issued by Central/State Government, has been omitted from the Income Tax Act w.e.f 01.04.1965.

3.3 When the Committee asked to state as to how this particular section which has been omitted from the Income Tax Act, has been relied upon and referred to for exempting interest earned on debentures of State Warehousing Corporation in the Clause 6 of The Warehousing Corporations (Amendment) Bill, 2011, the Ministry of Food, Consumer Affairs and Public Distribution stated as under:-

'It is right that Section 86(A) of the Income Tax Act,1961 has been omitted w.e.f 01.04.1965. However, Section 10(15)(iv)(h) of the Income Tax Act, 1961 provides for exemption of interest payable by any public sector company in respect of such bonds or debentures subject to such conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf. Any amendment in the Income Tax Act, 1961 is automatically applicable to the specific clause mentioned in the other Act.'

3.4 The Ministry further agreed that any legislation having revenue implication should preferably be made through concerned tax legislation. However, a reference can also be made to the tax legislation in any other Act which may be passed by the Parliament.

3.5 In regard to the proposed Amendment, Ministry of Finance, Department of Revenue have submitted to the Committee as under:-

'Clause 6 of the Warehousing Corporations (Amendment) Bill, 2011 propose to amend section 39 of the Warehousing Corporation Act, 1962 by replacing the reference to Central Government and Central Warehousing Corporation with the State Government and State Warehousing Corporation.

In this connection, it may be noted that in terms of the Government of India (Transaction of Business) Rules dated 14.01.1961, all business allotted to a Department under the Government of India (Allocation of Business) Rules, 1961 are required to be disposed of by or under the General or special directions of the Minister in Charge. In particular, any proposal having revenue implication has to be through the concerned tax legislation and not through any other Act. Therefore, any exemptions with the specified conditions, can only be granted through Income-tax, 1961.

Also, in the proposed amendment, a reference to section 86 of the Income-tax Act has been made for exempting income tax on the interest earned on debentures. In this connection, it may be noted that clause (i) and (ii) of Section 86 which exempted interest on tax free securities issued by Central/State Government has been omitted from the Income-tax Act w.e.f 1st April, 1965. Therefore, the reference to Section 86 of the Income-tax Act for the purposes of exempting interest on debentures of State Warehousing Corporation in The Warehousing Corporations (Amendment) Bill, 2011 is no longer valid.

In view of the above, the Department of Revenue suggests that Ministry of Consumer Affairs, Food and Public Distribution, through their proposed amendment should delete both the provisos to Section 39 of the Warehousing Corporation Act, 1962. If any exemption from income tax is sought for Warehousing Corporations, it may approach the Department of Revenue for considering such proposal and for incorporation of the same in the Income-tax Act, 1961.'

3.6 The Committee note that Clause 6 of The Warehousing Corporations (Amendment) Bill, 2011 proposes to amend section 39 of the Warehousing Corporation Act, 1962 by replacing the reference to 'Central Government' and 'Central Warehousing Corporation' with the 'State Government' and 'State Warehousing Corporation'. The Committee also note that Section 86 of the Income Tax Act, 1961 which exempted interest on tax-free securities issued by Central/State Government has been omitted from the Income Tax Act w.e.f 1 April, 1965 and the reference to Section 86 of the Income Tax Act for the purpose of exempting interest on debentures of State Warehousing Corporation in The Warehousing Corporations (Amendment) Bill, 2011 is no longer valid. In this regard, the Committee have been informed by the Ministry of Consumer Affairs, Food and Public Distribution that Section 10 (15) (iv) (h) of the Income Tax Act, 1961 provides for exemption of interest payable by any public sector company in respect of such bonds or debentures subject to such conditions, as the Central Government may by notification in the Official Gazette specify and any amendment in the Income Tax Act, 1961 is automatically applicable to the specific clauses mentioned in the Act. The Ministry have also agreed that any proposal having revenue implication should preferably be made through the concerned tax legislation. In view of the position explained by the Ministry of Consumer Affairs, Food and Public Distribution and the Ministry of Finance, the Committee, while agreeing to the suggestion of the Ministry of Finance given in this regard, recommend that both the provisos to section 39 of the Warehousing Corporations Act, 1962 should be deleted. The Committee also recommend that if any exemption from income tax is sought for the Warehousing Corporation, the Department may approach the Department of Revenue for consideration of such proposal and for incorporation of the same in the Income Tax Act, 1961.

**NEW DELHI
28 August, 2012
6 Bhadrapada, 1934(Saka)**

**VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution**

Bill No. 57 of 2011

THE WAREHOUSING CORPORATIONS (AMENDMENT) BILL, 2011

A
BILL

further to amend the Warehousing Corporations Act, 1962.

Enacted by Parliament in the Sixty-second Year of the Republic of India as follows:—

1. (1) This Act may be called the Warehousing Corporations (Amendment) Act, 2011.

Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

58 of 1962. 5

2. For section 5 of the Warehousing Corporations Act, 1962 (hereinafter referred to as the principal Act), the following section shall be substituted, namely:—

Substitution of new section for section 5.

2 of 1882.
4 of 1938.
10 of 1949. 10

"5. Notwithstanding anything contained in the Acts mentioned in this section, the shares of the Central Warehousing Corporation shall be deemed to be included among other securities enumerated in section 20 of the Indian Trusts Act, 1882, and also to be approved securities for the purpose of the Insurance Act, 1938 and the Banking Regulation Act, 1949."

Certain shares to be approved securities.

Amendment of
section 27.

3. In section 27 of the principal Act, for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) The bonds and debentures of a State Warehousing Corporation may be guaranteed by the appropriate Government as to the repayment of principal and the payment of interest at such rate as may be fixed by the appropriate Government on the recommendation of the board of directors of the State Warehousing Corporation at the time the bonds or debentures are issued." 5

Amendment of
section 30.

4. In section 30 of the principal Act, in sub-section (2), the proviso shall be omitted.

Amendment of
section 31.

5. In section 31 of the principal Act, in sub-section (8), the proviso shall be omitted.

Amendment of
section 39.

6. In section 39 of the principal Act, for the provisos, the following provisos shall be substituted, namely:— 10

"Provided that, in the case of a State Warehousing Corporation, any sum paid by the State Government under any guarantee given in pursuance of sub-section (4) of section 27 shall not be treated as income, profits and gains of the State Warehousing Corporation, and any interest on the debentures or bonds issued by that Corporation out of such sums shall not be treated as expenditure incurred by it: 15

Provided further that in the case of any debenture-holder, such portion of an interest as has been paid out of any such sum advanced by the State Government shall be deemed to be his income from interest on securities declared to be income-tax free within the meaning of section 86 of that Act or any corresponding provision of law for the time being in force." 20

STATEMENT OF OBJECTS AND REASONS

The Warehousing Corporations Act, 1962 was enacted to provide for the incorporation and regulation of corporation for the purpose of warehousing of agricultural produce and certain other commodities as may be notified by the Central Government and for matters connected therewith. The Central Warehousing Corporation established under the said Act is a profit earning Public Sector Enterprise under the administrative control of the Department of Food and Public Distribution and a Mini-Ratna Public Sector Enterprise as declared by the Department of Public Enterprises. One of the essential criteria for award of Mini-Ratna status to a Central Public Sector Enterprise is that no financial support or contingent liability on the part of the Government should be involved in respect of that enterprise and that it should also not depend upon any budgetary support or Government guarantee.

2. The Central Warehousing Corporation has consistently paid dividend to the Government of India since 1957-58. The net worth of the Corporation has been positive from 2003 onwards. The Corporation has not taken any loan from the Central Government. It is also not dependent upon budgetary support of the Government. Moreover, the Government has so far given no other guarantee to the Corporation except for the payment of minimum guaranteed dividend as required under sub-section (1) of section 5 of the Warehousing Corporations Act, 1962. Hence, the said section 5 of the Act is proposed to be suitably revised with consequential changes in sections 27, 30, 31 and 39 thereof. The guarantee referred to in the said sub-section (1) of section 5 would be withdrawn and the Central Government would be absolved of its responsibility of being guarantor.

3. The Bill seeks to achieve the above objects.

K. V. THOMAS.

NEW DELHI;
The 10th August, 2011.

FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to substitute a new section for section 5 of the Warehousing Corporations Act, 1962 so as to do away with the existing provision relating to the shares of the Central Warehousing Corporation being guaranteed by the Central Government as to the repayment of the principal and the payment of annual dividend. Hence, the Bill does not involve any financial implication. The new section does not envisage any expenditure from the Consolidated Fund of India, either recurring or non-recurring.

ANNEXURE

EXTRACTS FROM THE WAREHOUSING CORPORATIONS ACT, 1962

(58 OF 1962)

* * * * *

5. (1) The shares of the Central Warehousing Corporation shall be guaranteed by the Central Government as to the repayment of the principal and the payment of the annual dividend at such minimum rate as may be fixed by the Central Government, by notification published in the Official Gazette, at the time of the issue of the shares.

Shares to be guaranteed by Central Government and to be trusted or approved securities.

2 of 1882.
4 of 1938.
10 of 1949.

(2) Notwithstanding anything contained in the Acts mentioned in this sub-section, the shares of the Central Warehousing Corporation shall be deemed to be included among the securities enumerated in section 20 of the Indian Trusts Act, 1882, and also to be approved securities for the purpose of the Insurance Act, 1938 and the Banking Companies Act, 1949.

* * * * *

27. (1) * * * * *

(4) The bonds and debentures of a Warehousing Corporation may be guaranteed by the appropriate Government as to the repayment of principal and the payment of interest at such rate as may be fixed by the appropriate Government on the recommendation of the board of directors of the Corporation at the time the bonds or debentures are issued.

Borrowing powers of Warehousing Corporation.

* * * * *

30. (1) * * * * *

(2) After making provision for bad and doubtful debts, depreciation on assets and all other matters which are usually provided for by companies registered and incorporated under the Companies Act, 1956, a Warehousing Corporation may, out of its net annual profits, declare a dividend:

Disposal of profits.

1 of 1956.

Provided that for so long as the reserve fund is less than the paid-up share capital of the Central Warehousing Corporation and until there has been repaid to the Central Government such sum, if any, as that Government may have paid under a guarantee given in pursuance of sub-section (1) of section 5 or sub-section (4) of section 27, the rate of such dividend, in the case of the Central Warehousing Corporations, shall not exceed the rate granted by the Central Government under sub-section (1) of section 5.

31. (1) * * * * *

(8) Notwithstanding anything hereinbefore contained in this section, the Comptroller and Auditor-General of India may, either of his own motion or on a request received in this behalf from the appropriate Government, undertake in respect of a Warehousing Corporation such audit and at such time as he may consider necessary:

Accounts and audit of Warehousing Corporation.

Provided that where the Central Government is required to make any payment on account of the guarantee given by it under sub-section (1) of section 5, such audit shall be undertaken by the Comptroller and Auditor-General of India or any person authorised by him in this behalf.

* * * * *

Provisions
relating to
income-tax
and super-tax.

39. For the purposes of the Income-tax Act, 1961, a Warehousing Corporation shall be deemed to be a company within the meaning of that Act and shall be liable to income-tax and super-tax accordingly on its income, profits and gains: 43 of 1961.

Provided that, in the case of the Central Warehousing Corporation, any sum paid by the Central Government under the guarantee given in pursuance of sub-section (1) of section 5 or, in the case of a Warehousing Corporation, any sum paid by the Central or a State Government under any guarantee given in pursuance of sub-section (4) of section 27 shall not be treated as income, profits and gains of a Warehousing Corporation, and any interest on the debentures or bonds issued by that Corporation out of such sums shall not be treated as expenditure incurred by it:

Provided further that in the case of any shareholder or debenture-holder, such portion of a dividend or interest as has been paid out of any such sum advanced by the Central Government shall be deemed to be his income from interest on securities declared to be income-tax-free within the meaning of section 86 of that Act.

* * * * *

LOK SABHA

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BILL

further to amend the Warehousing Corporations Act, 1962.

The Warehousing Corporations Act, 1962

The Warehousing Corporation Rules, 1963

&

CWC (General) Regulations, 1965

CENTRAL WAREHOUSING CORPORATION

AUGUST, 2009

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The Warehousing Corporations Act, 1962

(58 OF 1962)

(As modified up to the 9th January, 2008)

GOVERNMENT OF INDIA
MINISTRY OF LAW & JUSTICE

LIST OF AMENDING ACTS

1. Warehousing Corporations (Amendment) Act, 1963 (34 of 1963).
2. Warehousing Corporations (Amendment) Act, 1976 (42 of 1976).
3. Warehousing Corporations (Amendment) Act, 1989 (37 of 1989).
4. Warehousing Corporations (Amendment) Act, 2001 (23 of 2001).
5. Warehousing Corporations (Amendment) Act, 2005 (45 of 2005).

LIST OF ABBREVIATIONS USED

Cl.	.....	for Clause
Ins.	.....	for Inserted
P.	.....	for Page
Pt.	.....	for Part
S.	.....	for Section
Sec.	for Section
Subs.	for Substituted

THE WAREHOUSING CORPORATIONS ACT, 1962

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THE SCHEDULE

THE WAREHOUSING CORPORATIONS ACT, 1962

NO. 58 OF 1962

An Act to provide for the Incorporation and Regulation of Corporations for the purpose of Warehousing of Agricultural Produce and certain other commodities and for matters, connected therewith.

Be it enacted by Parliament in the Thirteenth Year of the Republic of India as follows:-

CHAPTER -I

PRELIMINARY

1. (1) This Act may be called the Warehousing Corporations Act, 1962.*

Short title, extent and commencement.
* This Act has been supplemented by the WC (Supplementary) Act, 1965 (20 of 1965)
- (2) It extends to the whole of India (58 of 1962). **

** The WC Amendment Act, 1989 (No. 37 of 1989) dated 22 Oct 1989
- (3) It shall come into force on such date # as the Central Government may, by notification in the Official Gazette, appoint.

28th March, 1963; vide GSR 463 dated 16.3.1963. See Gazette of India Extraordinary, Pt.II. Sec. 3 (i), p.155.
2. In this Act, unless the context otherwise requires,--
 - (a) "agricultural produce" means any of the following classes of commodities, namely:--
 - (i) foodstuffs, including edible oil-seeds;
 - (ii) cattle fodder, including oil-cakes and other concentrates;
 - (iii) raw cotton, whether ginned or unginned,

Definitions.

and cotton seed;
(iv) raw jute; and

(v) vegetable oils;

(b) "appropriate Government" means in relation to the Central Warehousing Corporation, the Central Government, and in relation to a State Warehousing Corporation, the State Government;

(c) "Central Warehousing Corporation" means the Central Warehousing Corporation established under section 3;

(d) "co-operative society" means a society registered or deemed to be registered under the Co-operative Societies Act, 1912(2 of 1962) , or under any other law with respect to co-operative societies for the time being in force in any State, which is engaged in the processing, marketing, storage, export or import of agricultural produce or any notified commodity or in insurance business and includes a co-operative land mortgage bank;

2 of 1912.

*[(dd) "nationalised bank" means a corresponding new bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970); or a corresponding new bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act,1980.

* Ins. By Act 42 of 1976, s. 2.

5 of 1970.

The WC (Amendment) Act,
1989 dt. 22 Oct.1989

- (e) "notified commodity" means any commodity (other than agricultural produce) which the Central Government may, by notification in the Official Gazette, declare to be a notified commodity for the purposes of this Act, being a commodity with respect to which Parliament has power to make laws by virtue of entry 33 in List III in the Seventh Schedule to the Constitution;
- (f) "prescribed" means prescribed by rules made under this Act;
- (g) "recognised association" means an association which is for the time being recognised by the Central Government under section 6 of the Forward Contracts (Regulation) Act, 1952; 74 of 1952.
- (h) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 2 of 1934.
- (i) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934, 1[and includes a nationalised bank]; 2 of 1934.
- (j) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955; 23 of 1955.
- (k) "State Warehousing Corporation" means a Warehousing Corporation for a State established or deemed to be established under this Act;
- (l) "Warehousing Corporation" means a Warehousing Corporation established or deemed to be established under this Act; and
- (m) "year" means the financial year.

2A Any reference in this Act to any law which is not in force, or any Construction of references to

functionary not in existence, in any State, shall, in relation to that State, be construed as a reference to the corresponding law in force, or the corresponding functionary in existence, in that State.

any law not in force or any functionary not in existence in any State.
Insertion of Section 2A vide the WC Amendment Act, 1989dt. 22 Oct. 1989

CHAPTER -II

THE CENTRAL WAREHOUSING CORPORATION

The Central Warehousing Corporation.

3.(1) With effect from such date * as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Central Government shall establish a Corporation by the name of the Central Warehousing Corporation which shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract, and may, by the said name, sue and be sued.

* 18th March, 1963, vide G.S.R. 464, dated 16.03.1963, see Gazette of India, Extraordinary, Pt. II, sec. 3(i), p.155.

(2) The head-office of the Central Warehousing Corporation shall be at New Delhi **[or at such other place as the Central Government may, by notification in the Official Gazette, specify].

**Ins. By Act 34 of 1963, s.2.

Share capital and shareholders.

4.(1) The authorised share capital of the Central Warehousing Corporation shall be * one hundred crores of rupees divided into ten hundred thousand shares of the face value of one thousand rupees each; any shares remaining to be issued may be

* Notification No. 381 Dated 25th November, 1981.

issued, with the sanction of the Central Government from time to time, as and when the Central Warehousing Corporation may deem fit:

*[Provided that the Central Government may, from time to time, by order notified in the Official Gazette, increase the authorised Share capital of the Central Warehousing Corporation to such extent and in such manner as that Government may determine.]

* Ins. By Act 42 of 1976, s. 3

(2) *[The Central Government shall, after due appropriation made by Parliament by law for the purpose,] subscribe for forty percent of the share capital issued at any time and the remaining sixty per cent of the share capital may be subscribed for, within such period and in such proportion as may be specified by the Central Government, by the following institutions, namely:-

* Subs. By s.3. *ibid.*

- (a) the State Bank;
- (b) other scheduled banks;
- (c) co-operative societies;
- (d) insurance companies, investment trusts and other financial institutions;
- (e) recognised associations and companies dealing in agricultural produce or any notified commodity.

(3) If any portion of the sixty per cent of the share capital referred to in sub-section (2) remains unallotted, it may be subscribed for by the Central Government and the State Bank in such proportion as may be agreed upon between them and in default of such agreement, as may be determined by the Central Government.

(4) The shares of the Central Warehousing Corporation shall not be transferable except to the Central Government *[the State Bank or any other scheduled bank], any insurance company, any investment trust or other financial institution or any co-operative society or any recognised association or company dealing in agricultural produce or any notified commodity, in accordance with the regulations made by the Central Warehousing Corporation under this Act.

* Subs. By Act 42 of 1976, s.3, for certain words.

5.(1) The shares of the Central Warehousing Corporation shall be guaranteed by the Central Government as to the repayment of the principal and the payment of the annual dividend at such minimum rate as may be fixed by the Central Government, by notification published in the Official Gazette, at the time of the issue of the shares.

Shares to be guaranteed by Central Government and to be trust or approved securities.

(2) Notwithstanding anything contained in the Acts mentioned in this sub-section, the shares of the Central Warehousing Corporation shall be deemed to be included among the securities enumerated in section 20 of the Indian Trusts Act, 1882 (2 of 1882), and also to be approved securities for the purpose of the Insurance Act, 1938 (4 of 1938) and the Banking Companies Act, 1949 (10 of 1949).

- 6.(1) The general superintendence and management of the affairs and business of the Central Warehousing Corporation shall vest in a board of directors who, with the assistance of an Executive Committee and a managing director, may exercise all the powers and discharge all the functions which may be exercised or discharged by the Central Warehousing Corporation under this Act. Management of
Central Warehousing
Corporation.
- (2) The board of directors shall act on business principles having regard to public interest and shall be guided by such instructions on questions of policy as may be given to them by the Central Government. _____
- (3) If any doubt arises as to whether a question is or is not a question of policy, the decision of the Central Government shall be final. _____
- 7.(1) The board of directors referred to in section 6 shall consist of the following, namely:-- Directors
- (a) six directors to be nominated by the Central Government;
 - * (b) Omitted * Notification no. 51
dt.16 Sept.2005
 - (c) one director to be nominated by the State Bank;
 - (d) one director to be elected by other scheduled banks;
 - (e) one director to be elected by co-operative societies;
 - (f) one director to be elected by insurance companies, investment trusts and other financial institutions, recognised associations and _____

companies dealing in agricultural produce or notified commodities;

*(ff) three directors to be appointed by the Central Government.

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(g) a managing director, appointed by the Central Government in consultation with the directors referred to in clauses (a) to (f):

Provided that the three directors to be elected under clauses (d), (e) and (f) may, for the first constitution of the board of directors, be nominated by the Central Government in such manner as to give representation to each class of institutions (whether they have become shareholders of the Corporation or not) referred to in those clauses, but a director so nominated shall hold office only until he is replaced by a director elected as provided in that clause, and the director so elected shall hold office only for so long as the director replaced would have held office had he not been replaced.

- (2) The directors referred to in clauses (d), (e) and (f) of sub-section (1) shall be elected in the prescribed manner.
- (3) If, within the period prescribed in this behalf, or within Such further period as the Central Government may allow, the institutions referred to in clause (d) or clause (e) or clause (f) of sub-section (1) fail to elect a director, the Central Government may nominate a director to fill the vacancy.
- (4) The board of directors shall have a Chairman who shall be appointed by the Central Government from
-
-
-

among the directors.

- * (4A) The directors appointed under clause(ff) of sub-section (1) shall be entitled to receive such salary and allowances as the Central Warehousing Corporation may, with the approval of the Central Government determine.

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(5) The managing director shall--

- (a) exercise such powers and perform such duties as the board of directors or the Central Warehousing Corporation may entrust or delegate to him; and
- (b) receive such salary and allowances as the Central Warehousing Corporation may, with the approval of the Central Government, fix.
-

- (6) The directors of the Central Warehousing Corporation other than the managing director shall be entitled to receive by way of remuneration such sums as the Central Warehousing Corporation may, with the approval of the Central Government, fix:

Provided that no official director shall be entitled to receive any remuneration other than the allowances, if any, admissible to him under the rules regulating his conditions of service.

- (7) The term of office of, and the manner of filling casual vacancies among the director shall be such as may be prescribed.
-

Disqualification for office
of director of the Central
Warehousing Corporation

8. A person shall be disqualified for being chosen as, and for being, a director of the Central Warehousing Corporation--
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(i) if he is found to be a lunatic or becomes of unsound mind; or

(ii) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

(iii) if he is or has been convicted of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months, unless a period of five years has elapsed from the date of expiry of the sentence; or

(iv) if he has been removed or dismissed from the service of Government or a Corporation owned and controlled by the Government; or

* (v) except in the case of the directors appointed under clause (ff) of sub-section (1) of section 7 and the managing director, if he is a salaried official of the Central Warehousing Corporation or any State Warehousing Corporation; or

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(vi) if he is personally interested in any subsisting contract made with, or in any work being done for the Central Warehousing Corporation except as a shareholder (other than a director) in any public company as defined in the Companies Act, 1956 (1 of 1956);

Provided that where any such person is a shareholder, he shall disclose to the Central Warehousing

Corporation the nature and extent of shares held by
him in such company.

Removal of directors from
office.

9. (1) The Central Government may, at any time in
consultation with the Central Warehousing
Corporation, remove the managing director from office
after giving him a reasonable opportunity of showing
cause against the proposed removal.

(2) The board of directors may remove from office any
director who—

(a) is or has become subject to any of the
disqualifications mentioned in section 8; or

(b) is absent without leave of the board of directors
for more than three consecutive meetings of the
board without cause sufficient in the opinion of
the board, to exonerate his absence.

Appointment of officers,
etc., and their conditions
of service.

10. (1) The Central Warehousing Corporation may appoint
such officers and other employees as it considers
necessary for the efficient performance of its
functions.

(2) Every person employed by the Central Warehousing
Corporation under this Act shall be subject to such
conditions of service and shall be entitled to such
remuneration as may be determined by regulations
made by the Corporation under this Act.

11. Subject to the provisions of this Act, the Central Warehousing Corporation may—

Functions of Central Warehousing Corporation.

(a) acquire and build godowns and warehouses at such suitable places in India * or abroad as it thinks fit;

* The WC Amendment Act, 23 of 2001 dt. 29 Aug.2001

(b) run warehouses for the storage of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities offered by individuals, co-operative societies and other institutions;

(c) arrange facilities for the transport of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities to and from warehouses;

(d) subscribe to the share capital of a State Warehousing Corporation;

(e) act as agent of the Government for the purposes of the purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities;

* (ea) enter into, with the previous approval of the Central Governments joint ventures with any corporation established by or under any Central Act or any State Act or with any company formed and registered under the Companies Act, 1956 including foreign company or through its subsidiary companies, for carrying out the purposes of this Act.

1 of 1956

Explanation,---- For the purposes of this clause, the _____

expression “ Foreign company” Shall have the meaning assigned to it under clause (23A) of section 2 of the Income -Tax Act, 1961;

43 of 1961

* (eb) establish subsidiary companies; and

(f) carry out such other functions as may be prescribed.

12.(1) There shall be an Executive Committee of the Central Warehousing Corporation which shall consist of—

Executive Committee.

* (a) the Chairman of the board of directors;

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(b) the managing director; and

(c) two other directors chosen by the Corporation in the prescribed manner.

(2) The Chairman of the board of directors shall be the Chairman of the Executive Committee.

(3) Subject to the general control, direction and superintendence of the board of directors, the Executive Committee shall be competent to deal with any matter within the competence of the Central Warehousing Corporation

13.(1) The annual general meeting of the Central Warehousing Corporation (hereinafter referred to as the annual general meeting) shall be held every year either at its head- office or at any other office of the Corporation within six months of the close of the financial year, and any other general meeting may be convened by the board of directors at any other time.

Meetings of the Corporation.

-
- (2) The shareholders present at the annual general meeting shall be entitled to discuss the annual accounts, the report of the board of directors on the working of the Corporation during the year under report, as well as the auditor's report on the annual balance-sheet and accounts.
 - (3) The board of directors of the Central Warehousing Corporation shall, on the requisition of one-third of the number of shareholders of the Corporation, call a special meeting of the Corporation.
 - (4) The requisition for a special meeting under subsection (3) shall state the object of the meeting, and shall be signed by the requisitionists and deposited at the head-office of the Corporation, and may consist of several documents in like form each signed by one or more requisitionists.
 - (5) If the board of directors of the Central Warehousing Corporation do not proceed within twenty-one days from the date of the requisition being so deposited to cause the special meeting to be called, the requisitionists, or a majority of them, may, themselves call the meeting, but in either case, the meeting so called shall be held within three months from the date of the deposit of the requisition.
 - (6) The Central Warehousing Corporation shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Central Warehousing Corporation under this Act.
-

14.(1) The Central Government may, after due appropriation made by Parliament by law in this behalf, pay to the Central Warehousing Corporation for the purposes of either fund maintained by the Corporation--

Grants and loans by the Central Government.

(a) by way of grants, such sums of money as the Central Government may consider necessary; and

(b) by way of loans, such sums of money on such terms and conditions as the Central Government may determine.

(2) When making a payment under sub-section (1), the Central Government shall specify the fund for the purposes of which the payment is made.

Corporation to maintain two funds.

15. The Central Warehousing Corporation shall maintain two separate funds, namely:--

(a) the Central Warehousing Fund (hereinafter referred to as the Warehousing Fund); and

(b) the General Fund.

16. (1) To the Warehousing Fund shall be credited--

Warehousing Fund.

(a) all moneys and other securities transferred to the Central Warehousing Corporation under clause (c) of sub-section(2) of section 43;

(b) such grants and loans as the Central Government may make for the purposes of the Warehousing Fund; and

(c) such sums of money as may, from time to time, be realized out of the loans made from the Warehousing Fund or from interest on loans or dividends on investments made from that fund.

(2) The Warehousing Fund shall be applied--

(a) for advancing loans to State Governments on such terms and conditions as the Central Warehousing Corporation may deem fit for the purpose of enabling them to subscribe to the share capital of State Warehousing Corporations;

(b) for advancing loans and granting subsidies to State Warehousing Corporations or to State Governments on such terms and conditions as the Central Warehousing Corporation may deem fit for the purpose of promoting the warehousing and storage of agricultural produce and notified commodities, otherwise than through co-operative societies;

*[(c) for meeting the expenses incurred in relation to the training of personnel, or publicity and propaganda, for the purpose of promoting warehousing and storage of agricultural produce and notified

* Ins. By Act 42 of 1976,
s.4.

commodities;

(d) for meeting the expenses, including the salary, allowances and other remuneration of the officers and other employees, incurred in relation to the administration of the Warehousing Fund.]

17. (1) To the General Fund shall be credited--

(a) all sums received by the Central Warehousing Corporation other than those referred to in sub-section (1) of section 16; and

(b) such grants and loans as the Central Government may make for the purposes of the General Fund.

(2) The General Fund shall be applied--

(a) for meeting the salary, allowances and other remuneration of the officers and other employees of the Central Warehousing Corporation;

(b) for meeting the other administrative expenses of the Corporation; and

(c) for carrying out the purposes of this Act;

*[Provided that the General Fund shall not be applied for meeting the expenses referred to in clause (c) or clause (d) of sub-section (2) of section 16.]

* 5. Ibid.

CHAPTER III

STATE WAREHOUSING CORPORATIONS

18. (1) The State Government may, by notification in the

General Fund.

Official Gazette and with the approval of the Central warehousing Corporation, establish a Warehousing Corporation for the State under such name as may be specified in the notification.

State Warehousing Corporations.

(2) A State Warehousing Corporation established under sub-section (1) shall be a body corporate by the name notified under that sub-section, having perpetual succession and a common seal, with power to acquire, hold and dispose of property and to contract, and may, by the said name, sue and be sued.

(3) The head-office of a State Warehousing Corporation shall be at such place within the State as may be notified in the Official Gazette.

(4) Notwithstanding anything contained in sub-sections (1), (2) and (3), it shall not be necessary for the State Government to establish a Corporation under sub-section (1) where, under clause (g) of sub-section (2) of section 43, a Corporation is deemed to be established for that State under this Act.

19. (1) The authorized capital of a State Warehousing Corporation shall be such sum not exceeding two crores of rupees as may be prescribed, divided into shares of the face value of one hundred rupees each, of which such number as may be determined by the Corporation in consultation with the State Government shall be issued in the first instance and the remaining shares may be issued, from time to time, as and when the Corporation may deem fit after consultation with the Central Warehousing Corporation and with the sanction of the State Government:

Share capital and shareholders

*[Provided that in respect of any State Warehousing Corporation the Central Government may, after consultation with the State Government concerned, from time to time and by order notified in the Official Gazette, increase the maximum limit of the authorised capital aforesaid to such extent and in such manner as the Central Government may determine.]

* Ins. By Act 42 of 1976,
s.6.

(2) Of the share capital issued in the first instance and of any subsequent issue of such capital, the Central Warehousing Corporation shall, in any case where the State Government has subscribed for fifty per cent. of such capital, subscribe for the remaining fifty per cent of the capital.

20. (1) The general superintendence and management of the affairs of a State Warehousing Corporation shall vest in a board of directors which shall consist of the following, namely:--

Management of a state
Warehousing
Corporation.

(a) five directors nominated by the Central Warehousing Corporation, of whom one shall be nominated in consultation with the State Bank and one at least shall be a non-official;

(b) five directors nominated by the State Government;
and

(c) a managing director, appointed by the State Government in consultation with the directors referred to in clauses (a) and (b) and under intimation to* the Central Warehousing Corporation.

*The WC Amendment
Act, 2001 dt. 29 Aug
2001(23 of 2001)

(2) The Chairman of the board of directors shall be

appointed by the State Government from among the directors of the State Warehousing Corporation under intimation to the Central Warehousing Corporation.

(3) The managing director shall--

(a) exercise such powers and perform such duties as the board of directors or the State Warehousing Corporation may entrust or delegate to him; and

(b) receive such salary and allowances as the State Warehousing Corporation may, in consultation with the Central Warehousing Corporation, and with the previous approval of the State Government, fix.

(4) The board of directors shall act on business principles having regard to public interest and shall be guided by such instructions on questions of policy as may be given to them by the State Government or the Central Warehousing Corporation.

(5) If any doubt arises as to whether a question is or is not a question of policy, or, if the State Government and the Central Warehousing Corporation give conflicting instructions, the matter shall be referred to the Central Government whose decision thereon shall be final.

(6) The directors of a State Warehousing Corporation, other than the managing director, shall be entitled to receive by way of remuneration such sums as may be prescribed:

Provided that no official director shall be entitled to receive any remuneration other than any allowances

admissible to him under the rules regulating his conditions of service.

(7) The term of office of, and the manner of filling casual vacancies among, directors shall be such as may be prescribed.

Disqualification for office of director of the corporation.

21. A person shall be disqualified for being chosen as, and for being, a director of a State Warehousing Corporation--

(i) if he is found to be a lunatic or becomes of unsound mind; or

(ii) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

(iii) if he is or has been convicted of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months, unless a period of five years has elapsed from the date of expiry of the sentence; or

(iv) if he has been removed or dismissed from service of Government or a corporation owned and controlled by the Government; or

(v) except in the case of the managing director, if he is salaried official of * a State Warehousing Corporation; or

(vi) if he is personally interested in a subsisting contract made with, or in any work being done for, the State Warehousing Corporation except as a shareholder (other than a director) in any public company as defined in the Companies Act, 1956 (1 of

*The WC Amendment Act, 2001 dt. 29 Aug 2001 (23 of 2001)

1956):

Provided that where any such person is a shareholder, he shall disclose to the Warehousing Corporation the nature and extent of the shares held by him in such company.

22. (1) The State Government may, at any time, * under intimation to the Central Warehousing Corporation, remove the managing director from office after giving him a reasonable opportunity of showing cause against the proposed removal.

*The WC Amendment Act, 2001 dt. 29 Aug 2001(23 of 2001)

Removal of directors from office

(2) The board of directors may remove from office any director who--

(a) is or has become subject to any of the disqualifications mentioned in section 21; or

(b) is absent without leave of the board of directors for more than three consecutive meetings of the board without cause sufficient, in the opinion of the board, to exonerate his absence.

Appointment of officers, etc., and their conditions of service.

23. (1) A State Warehousing Corporation may appoint such officers and other employees as it considers necessary for the efficient performance of its functions.

(2) Every person employed by a State Warehousing Corporation under this Act shall be subject to such conditions of service and shall be entitled to such remuneration as may be determined by regulations made by the Corporation under this Act.

Functions of the State
Warehousing
Corporation.

24. Subject to the provisions of this Act, a State Warehousing Corporation may--

(a) acquire and build godowns and warehouses at such places within the State as it may, * after consultation with the Central Warehousing Corporation, determine;

*The WC Amendment Act,2001 dt. 29 Aug 2001(23 of 2001)

(b) run warehouses in the State for the storage of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities;

(c) arrange facilities for the transport of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities to and from warehouses;

(d) act as an agent of the Central Warehousing Corporation or of the Government for the purposes of the purchase, sale, storage and distribution, of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities;

*(da) enter into, with the previous approval of the state Government, Joint ventures with the Central Warehousing Corporation; and

*The WC Amendment Act, 2001 dt. 29 Aug 2001

(e) carry out such other functions as may be prescribed.

-
25. (1) There shall be an Executive Committee of a State Warehousing Corporation, which shall consist of-- Executive Committee.
- (a) the Chairman of the board of directors;
 - (b) the managing director; and
 - (c) three other directors chosen in the prescribed manner, of whom one shall be a director referred to in clause (a) of sub-section (1) of section 20.
- (2) The Chairman of the board of directors shall be the Chairman of the Executive Committee
- (3) Subject to any general or special directions as the board of directors may, from time to time, give, the Executive Committee shall be competent to deal with any matter within the competence of the State Warehousing Corporation.

CHAPTER – IV

FINANCE, ACCOUNTS AND AUDIT

- 26 (1) Every Warehousing Corporation shall prepare before the commencement of each year a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof. Submission of programme of activities and financial estimates.
- (2) A statement prepared under sub-section (1) shall, not later than three months before the commencement of each year, be submitted for approval--
- (a) in the case of the Central Warehousing
-

Corporation, to the Central Government;

(b) in the case of a State Warehousing Corporation, to the Central Warehousing Corporation and the State Government.

(3) The statement and the financial estimate of a Warehousing Corporation referred to in sub-section (1) may, with the approval of the Central Government in the case of the Central Warehousing Corporation, or with the approval of the Central Warehousing Corporation and the State Government in the case of a State Warehousing Corporation, be revised by the Warehousing Corporation.

27 (1) A Warehousing Corporation may, in consultation with the Reserve Bank and with the previous approval of the appropriate Government, issue and sell bonds and debentures carrying interest for the purpose of raising funds:

Borrowing powers of
Warehousing
Corporation.

Provided that the total amount of bonds and debentures issued and outstanding and of the other borrowing of the Corporation shall not at any time exceed ten times the amount of the paid-up share capital and the reserve fund of the Corporation.

(2) A Warehousing Corporation may, for the purpose of carrying out its functions under this Act, borrow money--

(i) from the Reserve Bank, or

(ii) from the State Bank, for such periods for which, and upon any of the securities against which, it is authorised to advance and lend moneys, under the provisions of *[the State Bank of India Act, 1955 or]

* Subs. By Act 42 of 1976, s.7, for the State Bank of India Act, 1955

(iii) from any Scheduled bank, or

Ins. By s.7, ibid.
Notification no. 51 dt.16 Sept.2005

(iv) from such insurance company, investment trust or other financial institution as may be approved by the Central Government in this behalf. **

**27 Ins. Comps.
Notified vide. No.803 dt.
22 Sept.2004

(3) Subject to the proviso to sub-section (1), the Central Warehousing Corporation may borrow money from the Central Government and a State Warehousing Corporation may borrow money from the State Government and the Central Warehousing Corporation on such securities and on such terms and conditions as may be agreed upon between the borrowing corporation and the lender, in each case.

(4) The bonds and debentures of a Warehousing Corporation may be guaranteed by the appropriate Government as to the repayment of principal and the payment of interest at such rate as may be fixed by the appropriate Government on the recommendation of the board of directors of the Corporation at the time the bonds or debentures are issued.

Deposit Account 28. All moneys belonging to a Warehousing Corporation shall be deposited in the Reserve Bank or the State Bank *[or any nationalized bank] or subject to any rules made under this Act. in **[any other scheduled bank] or co- operative bank.

*Ins. By Act 42 of 1976, s.8
** Subs. By s.8, ibid, for 'any scheduled bank'

Investment of funds. 29. A Warehousing Corporation may invest its funds in the securities of the Central or any State Government or in such other manner as may be prescribed by the appropriate Government.

Disposal of profits. 30. (1) Every Warehousing Corporation shall establish a reserve fund out of its annual net profits.

(2) After making provision for bad and doubtful debts, depreciation on assets and all other matters which are usually provided for by companies registered and incorporated under the Companies Act, 1956, a Warehousing Corporation may, out of its net annual profits, declare a dividend:

Provided that for so long as the reserve fund is less than the paid-up share capital of the Central Warehousing Corporation and until there has been repaid to the Central Government such sum, if any, as that Government may have paid under a guarantee given in pursuance of sub-section (1) of section 5 or sub-section (4) of section 27, the rate of such dividend, in the case of the Central Warehousing Corporation, shall not exceed the rate guaranteed by the Central Government under sub-section (1) of section 5.

1 of 1956

Accounts and audit of Warehousing Corporation. 31. (1) Every Warehousing Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the

profit and loss account and the balance sheet in such form as may be prescribed:

Provided that, in the case of the Central Warehousing Corporation, the accounts relating to the Warehousing Fund and the General Fund shall be maintained separately.

(2) The accounts of a Warehousing Corporation shall be audited by an auditor duly qualified to act as an auditor of companies under section 226 of the Companies Act, 1956 .

1 of 1956

(3) The said auditor shall be appointed by the appropriate Government on the advice of the Comptroller and Auditor-General of India.

(4) The auditor shall be supplied with a copy of the annual balance sheet and the profit and loss account of the Warehousing Corporation and it shall be his duty to examine them together with the accounts and vouchers relating thereto, and he shall have a list delivered to him of all books kept by the Corporation and shall at all reasonable times have access to the books, accounts and other documents of the Corporation and may require from any officer of the Corporation such information and explanations as the auditor may think necessary for the performance of his duties as auditor.

(5) The auditor shall make a report to the shareholders on the accounts examined by him and on the annual balance sheet and the profit and loss account and in every such report, he shall state whether in his opinion the accounts give a true and fair view--

(a) in the case of the balance sheet, of the state of the Corporation's affairs at the end of its financial year, and

(b) in the case of the profit and loss account, of the profit or loss for its financial year, and in case he has called for any explanation or information from the officers, whether it has been given and whether it is satisfactory.

(6) The appropriate Government may, after consultation with the Comptroller and Auditor-General of India at any time issue directions to the auditor requiring him to report to the appropriate Government upon the adequacy of measures taken by a Warehousing Corporation for the protection of its shareholders and creditors or upon the sufficiency of his procedure in auditing the accounts of the Corporation and may enlarge or extend the scope of the audit or direct that a different procedure in audit may be adopted or direct that any other examination may be made by the auditor if in the opinion of the appropriate government public interest so requires.

(7) A Warehousing Corporation shall send a copy of every report of the auditor to the Comptroller and Auditor-General of India and to the Central Government at least one month before it is placed before the shareholders.

(8) Notwithstanding anything hereinbefore contained in this section, the Comptroller and Auditor-General of India may, either of his own motion or on a request received in this behalf from the appropriate Government, undertake in respect of a

Warehousing Corporation such audit and at such time as he may consider necessary:

Provided that where the Central Government is required to make any payment on account of the guarantee given by it under sub-section (1) of section 5, such audit shall be undertaken by the Comptroller and Auditor-General of India or any person authorised by him in this behalf.

- (9) The Comptroller and Auditor-General of India and any person authorised by him in connection with the audit of the accounts of a Warehousing Corporation shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the audit of Government accounts and in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect the office of the Corporation.
- 10) The annual accounts of a Warehousing Corporation together with the audit report thereon shall be placed before the annual general meeting of the Corporation within six months of the close of the financial year.
- (11) Every audit report under this section shall be forwarded to the appropriate Government within a month of its being placed before the annual general meeting and that Government shall as soon thereafter as may be cause the same to be laid before both Houses of Parliament or the Legislature of the State, as the case may be.
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* 31 A. Warehousing Corporation shall furnish to the appropriate Government such returns, statistics, accounts and other information with respect to its property or activities as that Government may, from time to time, require.

Returns and reports.

*Ins.by Act 42 of 1976,
s.9.

CHAPTER - V

MISCELLANEOUS

32. No act or proceeding of a Warehousing Corporation shall be invalid by reason only of the existence of any vacancy among its directors or any defect in the constitution thereof.

Vacancies, etc., not to
invalidate acts and
proceedings of
Warehousing
Corporations.

33. A Warehousing Corporation may, by general or special order in writing, delegate to the Secretary or other officer of the Corporation, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act as it may deem necessary for the efficient performance of its functions.

Delegation.

34. In any meeting of the shareholders of a Warehousing Corporation, every member shall have one vote in respect of each share held by him in the Corporation.

Voting rights
shareholders

35. If there is any difference of opinion between the Central Warehousing Corporation and a State Warehousing Corporation regarding their respective functions and powers under this Act, such difference shall be referred to the Central Government whose decision thereon shall be final.

Disputes between
Central Warehousing
Corporation and State
Warehousing
Corporation.

36. Every director, auditor, officer or other employee of a Warehousing Corporation shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule.

Declaration of fidelity and secrecy.
37. (1) Every director of a Warehousing Corporation shall be indemnified by the Corporation concerned against all losses and expenses incurred in the discharge of his duties except such as are caused by his own willful act or default.

Indemnity of directors.
- (2) A director of a warehousing Corporation shall not be responsible for any other director or for any officer or other employee of the Corporation or for any loss or expense resulting to the Corporation by the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Corporation in good faith, or by the wrongful act of any person under obligation to the Corporation or by anything done in good faith in the execution of the duties of his office or in relation thereto.

- 38.(1) Whoever, without the consent in writing of a Warehousing Corporation, uses the name of that Corporation in any prospectus or advertisement, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Offences.
- (2) No court shall take cognizance of any offence under sub-section (1) otherwise than on a complaint in writing by an officer authorised in this behalf by the Warehousing Corporation concerned.

-

Provisions relating to income-tax and super-tax.

39. For the purposes of the Income-tax Act, 1961, a Warehousing Corporation shall be deemed to be a company within the meaning of that Act and shall be liable to income-tax and super-tax accordingly on its income, profits and gains: 43 of 1961

Provided that, in the case of the Central Warehousing Corporation, any sum paid by the Central Government under the guarantee given in pursuance of sub-section (1) of section 5 or, in the case of a Warehousing Corporation, any sum paid by the Central or a State Government under any guarantee given in pursuance of sub-section (4) of section 27 shall not be treated as income, profits and gains of a Warehousing Corporation, and any interest on the debentures or bonds issued by that Corporation out of such sums shall not be treated as expenditure incurred by it:

Provided further that in the case of any shareholder or Debenture-holder, such portion of a dividend or interest as has been paid out of any such sum advanced by the Central Government shall be deemed to be his income from interest on securities declared to the income-tax-free within the meaning of section 86 of that Act.

Winding up of Warehousing Corporations.

40. No provision of law relating to the winding up of companies or corporations shall apply to a Warehousing Corporation and any such Corporation shall not be placed in liquidation save by order of the appropriate Government and in such manner as it may direct.

Power to make rules.

41. (1) The appropriate Government may, by notification

in the Official Gazette, make rules to carry out the purposes of this Act.

- (2) Without prejudice to the generality of the foregoing power; such rules may provide for--
- (a) the additional functions which a Warehousing Corporation may perform;
 - (b) the manner of nomination and election of the directors of the Central Warehousing Corporation and the period within which such directors shall be nominated or elected;
 - (c) the term of office of, and the manner of filling casual vacancies among, and the remuneration payable to, the directors of a Warehousing Corporation;
 - (d) the manner of choosing directors on the Executive Committee of a Warehousing Corporation;
 - (e) the authorised capital of a State Warehousing Corporation *[within the maximum limit specified by or under sub-section (1) of section 19];
 - (f) the form of the annual statement of accounts and the balance-sheet to be prepared by a Warehousing Corporation;
 - (g) the deposit of moneys of a Warehousing Corporation in a scheduled bank or a co-operative bank;

*Subs. By Act 42 of 1976, s.10, for certain words.

(h) the manner of issuing shares of a Warehousing Corporation, the calls to be made in respect thereof, and all other matters incidental to the issue of shares;

**Ins. By s. 10. Ibid.

**[(i) the form and manner in which returns, statistics, accounts and other information are to be furnished, under section 31A, by a Warehousing Corporation;]

***Cl. (i) was relettered as cl. (j) by s. 10, ibid.

***[(j)] any other matters which has to be or may be prescribed.

(3) Every rule made by the Central Government under this section shall be laid as soon as may be after it is made, before each House of Parliament 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 1[if before the expiry of the session immediately following the session} or the successive sessions aforesaid, 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.

Power of Warehousing Corporations to make regulations.

42. (1) A Warehousing Corporation may, with the previous sanction of the appropriate Government, by notification in the Official Gazette, make regulations

not inconsistent with this Act and the rules made thereunder to provide for all matters for which provision is necessary or expedient for the purposes of giving effect to the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for--

(a) the conditions of service of, and the remuneration payable to, the officers and other employees of a Warehousing Corporation;

(b) the manner in which, and the conditions subject to which, shares of the Central Warehousing Corporation may be transferred;

(c) the manner in which meetings of a Warehousing Corporation and the Executive Committee thereof shall be convened, the fees for attending such meetings and the procedure to be followed thereat;

(d) the duties and conduct of officers and employees of a Warehousing Corporation;

(e) the powers and duties which may be entrusted or delegated to the managing director of a Warehousing Corporation;

(f) generally, the efficient conduct of the affairs of a Warehousing Corporation.

(3) The appropriate Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon the regulation shall cease to have effect.

Repeal and savings.

43. (1) With effect from the date on which the Central Warehousing Corporation is established under section 3, the Agricultural Produce (Development and Warehousing) Corporations Act, 1956 (28 of 1956), in so far as it has not been repealed by the National Co-operative Development Corporation Act, 1962 (26 of 1962), shall stand repealed:

(2) Notwithstanding such repeal,--

(a) the shares allotted and the share certificates issued by the Central Warehousing Corporation established under the repealed Act (hereinafter referred to as the said Corporation) shall be deemed to have been allotted and issued by the Corporation established under section 3 of this Act as if this Act had been in force on the day on which the shares were allotted and the share certificates were issued;

(b) every shareholder of the said Corporation shall become the holder of as many shares in the Corporation established under section 3 of this Act as are equivalent in number and value to the shares held by him in the said Corporation;

(c) all moneys and other securities belonging to the National Warehousing Development Fund which, immediately before the said date, was maintained by the said Corporation shall stand transferred to and be maintained by the Corporation established under section 3 of this Act;

(d) anything done or any action taken (including any appointment, nomination, delegation, rule or regulation made) under the repealed Act shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under this Act;

(e) every share held by the said Corporation in a State Warehousing Corporation under the repealed Act shall be deemed to be a share held by the Corporation established under section 3 of this Act in the corresponding State Warehousing Corporation deemed to be established under this Act;

(f) all rights, liabilities and obligations of the said Corporation, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations respectively of the Corporation established under section 3 of this Act;

(g) a State Warehousing Corporation established for a State under the repealed Act shall be deemed to be the State Warehousing Corporation established for that State under this Act.

THE SCHEDULE

(See section 36)

DECLARATION OF FIDELITY AND SECRECY

I, _____ declare that I will faithfully, truly and to the best of my judgment, skill and ability execute and perform the duties which are required of me as a director, officer, employee or auditor (as the case may be) of the Warehousing Corporation and which properly relate to the office or position in the said Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the said Corporation nor will I allow any such person to inspect or have access to any books or documents belonging to, or in the possession of, the Corporation and relating to the business of the Corporation.

Signature

Signature

Signature

Signed before me

Date

LIST OF AMENDMENTS

1. **The Warehousing Corporations Act (Amendment) Act, 1989 (37 of 1989)
dated 22nd October, 1989**

An Act further to amend the Warehousing
Corporations Act, 1962.

Short title.

Be it enacted by the Parliament in the Fortieth
year of the Republic of India as follows:-

1. This Act may be called the Warehousing
Corporations (Amendment) Act, 1989.

58
Of
1962

2. In Section 1 of the Warehousing Corporations Act, 1962 (herein after referred to as the principal Act), in sub-section (2), the words "except" the State of Jammu and Kashmir shall be omitted.

Amendment of
Section 1

3. In section 2 of the principal Act, in clause (dd), the following shall be added at the end, namely:-

Amendment of Section 2

40
of
1980

"or a corresponding new bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980."

Insertion of new section 2A.

4. In Chapter I of the principal Act, after section

Construction of references
to any law not in force or

2 of the following section shall be inserted, any functionary not in
namely:- existence in any State.

2A, Any reference in this Act to any law which is not in force or any functionary not in existence, in any State shall, in relation to that State, be construed as a reference to the corresponding law in force, or the corresponding functionary in existence, in that State.

2. **Order dated 25th November, 1981**

G.S.R. 616(E).

In exercise of the powers conferred by the proviso to subsection(1) of section 4 of the Warehousing Corporation Act, 1962(58 of 1962), the Central Government hereby increases the authorized share capital of the Central Warehousing Corporation to one hundred crores of rupees divided into ten hundred thousand shares of the face value of one thousand rupees each.

3. **The Warehousing Corporations (Amendment) Act, 2001 dated 29th August, 2001 (23 of 2001)**

G.S.R. 807(E).--- In exercise of the powers conferred by sub-section(2) of Section 1 of the Warehousing Corporations (Amendment) Act, 2001(23 of 2001), the Central Government here by appoints the 1st day of November, 2001 as the date on which the said Act shall come into force.

The following Act of Parliament received the assent of the President on the 29th August, 2001 and is published for general information:--

An Act further to amend the Warehousing

Corporations Act, 1962.

BE it enacted by Parliament in the Fifty-second Year of the Republic of India as follows:--

Short title and commencement

1. (1) This Act may be called the Warehousing Corporations (Amended) Act, 2001.
2. (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette appoint.

2. In section 11 of the Warehousing Corporations Act, 1962(hereinafter referred to as the principal Act),---

(a) in clause (a), after the words "in India", the words "or abroad' shall be inserted.

(b) in clause (c), the word "and" occurring at the end shall be omitted.

Amendment of section 11

(c) after clause (e), the following clauses shall be inserted, namely:-

"(ea) enter into, with the previous approval of the Central Government, joint ventures with any corporation established by or under any Central Act or any State Act or with any company formed and registered under the Companies Act, 1956 including foreign company or through its subsidiary companies, for carrying out the purposes of this Act.

Explanation – For the purposes of this clause, the expression “foreign company” shall have the meaning assigned to it under clause (23A) of section 2 of the Income Tax Act, 1961;

(eb) establish subsidiary companies; and”.

1 of 1956

3. In section 20 of the principal Act,--

(a) in sub-section(I), in clause(c), for the words “with the previous approval of” the words “under intimation to” shall be substituted;

43 of 1961

(b) in sub-section (2), for the words “with the previous approval of ”, the words “under intimation to” shall be substituted.

Amendment of section 20.

4. In Section 21, of the principal Act, in clause (v), the words “the Central Warehousing Corporation or” shall be omitted.

5. In section 22 of the principal Act, in sub-section(I), for the words “with the previous approval of,” the words “under intimation to” shall be substituted.

6. In section 24 of the principal Act,--

Amendment of section 21.

(a) in clause (a), for the words “with the previous approval of” the words “after consultation with” shall be substituted;

Amendment of section 22.

(b) in clause(d), the words “and” occurring

at the end shall be omitted;

(c) after clause (d), the following clause shall be inserted, namely;-

Amendment of section 24.

“(da) enter into, with the previous approval of the State Government, joint ventures with the Central Warehousing Corporation; and”.

4. **NOTIFICATION dated 22nd September, 2004**

S.O. 1024(E) – In exercise of the powers conferred by clause (iv) of sub section (2) of section 27 of the Warehousing Corporations Act, 1962 the Central Govt. hereby approves the following insurance companies, which hold a valid Certificate of Registration with the Insurance Regulatory and Development Authority (IRDA), to be the insurance companies from which a Warehousing corporation may borrow money for the purpose of carrying out its functions under the said Act, namely;- (Copy of Notification enclosed)

1. Life Insurance Corporation of India.
2. Allianz Bajaj Life Insurance Company Limited.
3. Birla Sun-Life Insurance Company Limited.
4. HDFC Standard Life Insurance Company Limited.
5. ICICI Prudential Life Insurance Company Limited.
6. ING Vysya Life Insurance Company Limited.

7. Max New York Life Insurance Company Limited.
8. MetLife Insurance Company Limited.
9. Om Kotak Mahindra Life Insurance Company Limited.
10. SBI Life Insurance Company Limited.
11. TATA AIG Life Insurance Company Limited.
12. AMP Sammar assurance Company Limited.
13. Dabur CGU Life Insurance Company Private Limited.
14. National Insurance Company Limited.
15. New India Assurance Company Limited.
16. Oriental Insurance Company Limited.
17. United India Insurance Company Limited.
18. Bajaj Allianz General Insurance Company Limited.
19. ICICI Lombard General Insurance Company Limited.
20. IFFCO-Tokio General Insurance Company Company Limited.
21. Reliance General Insurance Company Limited.
22. Royal Sundaram Alliance Insurance Company Limited.
23. TATA AIG General Insurance Company Limited.
24. Cholarnandalam General Insurance Company.
25. Export Credit Guarantee Corporation.
26. HDFC Chubb General Insurance Company Limited.
27. General Insurance Corporation of India.

5. **The Warehousing Corporations (Amendment) Act, 2005 (45 of 2005)
dt. 15th September, 2005**

(G.S.R. 657(E).--- In exercise of the powers conferred by sub-section(2) of Section 1 of the Warehousing Corporations (Amendment) Act, 2005(45 of 2005), the Central Government here by appoints the 15th day of November, 2005 as the date on which the said Act shall come into force.)

The following Act of Parliament received the assent of the President on the 15th September, 2005 and is hereby published for general information:-

An Act further to amend the Warehousing Corporations Act, 1962. Short title and commencement.

BE it enacted by Parliament in the Fifty-sixth Year of the Republic of India as follows:-

1.(1) This Act may be called the Warehousing Corporations (Amended) Act, 2005.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In section 7 of the Warehousing Corporations Act, 1962(hereinafter referred to as the principal Act),

58 of 1962 (a) In sub-section (1),---
i) Clause (b) shall be omitted; Amendment of section 7
ii) After clause (f), the following clause shall be inserted, namely:---

“(ff) three directors to be appointed by the Central Govt.”

b) Sub section (4), the words “and a Vice-Chairman” shall be omitted;

c) after sub-section (4), the following sub-section shall be inserted, namely:-

“(4A) The directors appointed under clause (ff) of sub-section (1) shall be entitled to receive such salary and allowances as the Central Warehousing Corporation may, with the approval of the Central Government, determine.”

3. In section 8 of the principal Act, in clause (v), for the words “the managing director”, the words, brackets, letters and figures “the directors appointed under clause (ff) of sub-section (1) of section 7 and the managing director” shall be substituted.

Amendment of section 8

Amendment of section 12

4. In section 12 of the principal Act,---

a) In sub-section(1), in clause (a), the words “and the Vice-Chairman” shall be omitted;

b) for sub-section (2), the following sub-section shall be substituted, namely:--

“(2) The Chairman of the board of directors shall be the Chairman of the Executive Committee”.

Amendment of section 27

5. In section 27 of the principal Act, in sub-section (2), in clause (iii), for the words 'nationalized bank' the words "scheduled bank" shall be substituted.

6. **NOTIFICATION Dated 30.11.2006**

G.S.R. 732(E).-In exercise of the powers conferred by Section 41 of Warehousing Corporation Act, 1962 (58 of 1962), the Central Government hereby makes the following rules further to amend the Central Warehousing Corporation Rules, 1963, namely:---

1.(1) These rules may be called the Central Warehousing Corporation(Amended) Rules, 2006.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Central Warehousing Corporation Rules, 1963, for rule 3, the following rule shall be substituted, namely:--

“(3) **Nomination of Directors:** –

The Central Govt. shall nominate the following person as director under clause (a) of sub-section (1) of Section 7”. Namely:-

(i) two officers not below, the rank of Joint Secretary to the Government of India in the Ministry of Consumer Affairs, Food and Public Distribution (Department of

- Food and Public Distribution);
- (ii) four non-official directors, selected by the Search Committee as envisaged in the guidelines issued by the Department of Public Enterprises.”

7. NOTIFICATION 15th November, 2006

G.S.R. 704(E).- In exercise of the powers conferred by sub-section (1) of section 41 of the Warehousing Corporation Act, 1962(58 of 1962, the Central Government hereby makes the following rules further to amend the Central Warehousing Corporation Rules, 1963, namely:--

1.(i) These rules may be called the Central Warehousing Corporation (Amendment) Rules, 2006.

(ii) They shall come into force on the date of their publication in the Official Gazette.

2. In rule 4 of the Central Warehousing Corporation Rules, 1963, for Sub-rule(3) the following sub-rule shall be substituted, namely:---

“(3) A director elected under clause(d), clause(e) or clause (f) of Sub-section (1) of section 7, shall hold office for a period of three years from the date of his election or until a successor is elected in his place, whichever is later.”

8. NOTIFICATION dated 12th June, 2007

G.S.R. 423(E).- In exercise of the powers conferred by sub-section (1) of section 41 of the Warehousing Corporation Act, 1962 (58 of 1962), the Central Government hereby makes the following rules further to amend the Central Warehousing Corporation Rules, 1963, namely:--

- 1.(i) These rules may be called the Central Warehousing Corporation (Amendment) Rules, 2007.
- (ii) They shall come into force on the date of their publication in the Official Gazette.

2. In rule 4 of the Central Warehousing Corporation Rules, 1963,---

(a) for Sub-rule(1), the following sub-rule shall be substituted, namely:---

“(1) The term of office of the non-official directors and official directors nominated under clause (a) of sub-section (1) of section 7 shall be three years from the date of the nomination of such directors;

(b) Sub Rule (2) shall be omitted.

(c) for sub-rule (3), the following Sub Rule shall be substituted, namely:-

“(3) A director nominated under clause (C) of Sub-section (1) of Section 7 shall hold office for a period of three years from the date of his nomination or until a successor is nominated in his place, whichever is later.”

9.

Min. lr. No. 9-7/2006-SG dt. 10.01.2008

Regulation no. 10 of CWC (General) Regulation, 1965:

Revision in payment of sitting fee to the non-officials part time director on the Board of Central Warehousing Corporation is Rs. 2,000.00 Per Sitting for attending meetings of the Board and Rs. 1,500.00 for attending meetings of sub committees of BOD and EC etc.

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12) HELD ON
WEDNESDAY, THE 6th JUNE, 2012**

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room No. 'G-074', Parliament Library Building, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS

LOK SABHA

2. Shri Jaywant Gangaram Awale
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Sanjay Dhotre
7. Shri Prataprao Ganpatrao Jadhav
8. Shri Gobinda Chandra Naskar
9. Shri Sohan Potai
10. Shri Purnmasi Ram
11. Shri Chandulal Sahu
12. Smt. Usha Verma

RAJYA SABHA

13. Shri Sanjay Raut
14. Dr. T. N. Seema
15. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

**Representatives of the Ministry of Consumer Affairs, Food and Public
Distribution (Department of Food and Public Distribution)**

1. Shri Sudhir Kumar	-	Secretary
2. Shri Girish Shankar	-	Joint Secretary
3. Shri B. B. Pattanaik	-	Managing Director (CWC)
4. Shri V. R. Gupta	-	Director (Finance)
5. Shri Amit Mehta	-	Director (FCI)
6. Shri N. K. Grover	-	General Manager (Fin.)
7. Shri P. K. Goswami	-	Secretary (CWC)

At the outset, Hon'ble Chairman welcomed the members to the sitting of the Committee convened for briefing by the representatives of the M/o Consumer Affairs, Food and Public Distribution (D/o Food and Public Distribution) on the Warehousing Corporation (Amendment) Bill, 2011. Thereafter Secretary and other officials of the Department of Food and Public Distribution were invited to the sitting of the Committee. After their welcome, the Chairman apprised them of the provisions of Direction 55(1) of the Directions by the Speaker.

2. Hon'ble Chairman, in his welcome speech, requested the representatives of the Department to brief the Committee on various issues such as the salient features of the Bill, the major weaknesses/shortcomings in the existing Warehousing Corporations Act, 1962, the major stakeholders of the Bill, benefits of grant of Mini Ratna status to CWC, etc.

3. Thereafter, the Secretary, Department of Food and Public Distribution briefed the Committee on the various issues related to the Bill with the help of a Power point Presentation. He also addressed the issues raised by the Hon'ble Chairman. The supplementary queries of the Members of the Committee were also responded to by the representatives of the Department.

4. The following are some of the important points that emerged during the deliberations of the Committee:-

- (i) Need to grant autonomy to CWC thereby delegating it more powers;
- (ii) Benefits of Mini Ratna status to CWC;
- (iii) Need to enhance the warehousing facilities available to the farmers in various States;
- (iv) Details of the amendments proposed and their purpose, etc; and
- (v) The benefits that would accrue to the stakeholders/general public by the passing of this proposed Bill; etc.

5. The Hon'ble Chairman then thanked the Secretary and other representatives of the Department of Food and Public Distribution for free and frank discussion and also for briefing the Committee properly. The Committee decided to convene the next sitting of the Committee on 19.06.2012.

6. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12) HELD ON
WEDNESDAY, THE 18th JULY, 2012**

The Committee sat from 1130 hrs. to 1235 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS

LOK SABHA

2. Shri Jaywant Gangaram Awale
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Ram Chandra Dome
7. Shri Abdul Mannan Hossain
8. Shri Pratabrao Ganpatrao Jadhav
9. Shri Lal Chand Kataria
10. Shri Marotrao Sainuji Kowase
11. Shri Prabodh Panda
12. Shri Sohan Potai
13. Shri Purnmasi Ram
14. Shri Ramkishun
15. Shri Chandulal Sahu
16. Shri E.G.Sugavanam
17. Smt. Usha Verma
18. Smt. Harsimrat Kaur Badal

RAJYA SABHA

19. Smt. T.Ratna Bai
20. Dr. M.S. Gill
21. Shri P.Kannan
22. Shri Lalhming Liana
23. Shri Sanjay Raut
24. Shri Veer Singh
25. Dr. T.N.Seema
26. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P. K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

Representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)

- | | | | |
|----|----------------------|---|-------------------------|
| 1. | Shri Sudhir Kumar | - | Secretary |
| 2. | Shri Naveen Prakash | - | Joint Secretary (P&FC) |
| 3. | Shri B. B. Pattanaik | - | Managing Director, CWC |
| 4. | Shri V. R. Gupta | - | Director (Finance), CWC |

At the outset, Hon'ble Chairman welcomed the members to the sitting. Thereafter, the Secretary and other officials of the Department of Food and Public Distribution were invited to the sitting of the Committee. After welcoming them, the Hon'ble Chairman apprised them of the provisions of Direction 55(1) of the Directions by the Speaker. The Committee, then, took evidence of the representatives of the Department of Food and Public Distribution in connection with the examination of 'The Warehousing Corporation (Amendment) Bill, 2011'. Hon'ble Chairman, in his welcome speech, raised various important issues such as offer regarding Buy-Back of the Shares by the Corporation, conversion of partly paid shares into fully paid shares, a reference to Section 86 of the Income Tax Act which was made in Section 39 of the Warehousing Corporation Act, 1962 for exempting income tax on the interest earned on debentures which has already been omitted from Income-Tax Act w.e.f 1st April, 1965 , etc.

2. Thereafter, the Secretary, Department of Food and Public Distribution addressed to the concerns raised by the Hon'ble Chairman in his opening remarks. The issues raised by Hon'ble Chairman were further supplemented by the members of the Committee.

3. The following are some of the important points that emerged during the deliberations of the Committee:-

- (i) Benefits of Mini Ratna status to CWC and other Stakeholders;
- (ii) Need for construction of additional storage facilities in the country;
- (iii) Need for increasing the procurement of foodgrains in the country;
- and
- (iv) Rotting of foodgrains for want of storage facilities etc.

4. The representatives of the Department responded to the queries raised by the Chairman and the members on the aforesaid issues.
5. The Hon'ble Chairman then thanked the Secretary and other representatives of the Department of Food and Public Distribution for their free and frank discussion.
6. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE TWENTY-SECOND SITTING OF THE STANDING COMMITTEE
ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12) HELD ON
TUESDAY, THE 28TH AUGUST, 2012**

The Committee sat from 1500 hrs. to 1530 hrs. in Room No. 115-A, Parliament House Annexe, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS
LOK SABHA

2. Shri Arvind Kumar Chaudhary
3. Shri Sanjay Dhotre
4. Dr. Ram Chandra Dome
5. Shri Lal Chand Kataria
6. Shri Marotrao Sainuji Kowase
7. Shri Gobinda Chandra Naskar
8. Shri Purnmasi Ram

RAJYA SABHA

9. Smt. T.Ratna Bai
10. Shri Vivek Gupta
11. Lalhming Liana
12. Shri Sanjay Raut
13. Shri Kaptan Singh Solanki

SECRETARIAT

1. Smt. Veena Sharma - Director
2. Ms. Amita Walia - Deputy Secretary
3. Shri Khakhai Zou - Under Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of the draft Report on 'The Warehousing Corporations (Amendment) Bill, 2011' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

3. In his opening remarks, Hon'ble Chairman highlighted the important recommendations contained in the draft Report and requested the Members to suggest amendment/modification, if any, in the recommendations. Thereafter, after due deliberation, the Committee unanimously adopted the draft Report without any amendment/modification.

4. The Committee then authorized the Chairman to finalize the aforesaid Report and present the same to Parliament during the current Session of Parliament.

5. The Chairman also mentioned that the tenure of the present Committee comes to an end on 30th August, 2012, and the Committee held 21 sittings and presented 7 Reports to the Parliament. Hon'ble Chairman also thanked all the Members of the Committee for the valuable contribution made by them to the Committee.

The Committee then adjourned.
