

# The M.P. Agricultural Warehouse Act, 1947

MADHYA PRADESH

India

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### Act 1 of 1948

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The M.P. Agricultural Warehouse Act, 1947(No. 1 of 1948)Statement of Objects and Reasons. - (1) The main problem of agricultural credit in India is how to make adequate short-term finance available to the agriculturist at a reasonable rate of interest. In view of the special responsibility placed on the Reserve Bank of India in regard to agricultural credit, the Bank has been anxious to make within the scope of the Reserve Bank of India Act, credit more extensively available to agriculturists on reasonable terms. Section 17(4)(d) of the Reserve Bank of India Act provide that the Reserve Bank may make loans and advances repayable on demand or on the expiry of fixed periods not exceeding ninety days against security of promissory note of any schedule banks or provincial co-operative bank supported by documents of title to goods which have been transferred, assigned or pledged to any such banks as security for cash credit or overdraft granted for bona fide commercial or trade transactions or for the purpose of financing seasonal operations on the marketing of crops. The advances are to be made against the security of promissory notes of a scheduled or provincial co-operative bank and that the Reserve Bank cannot accept the goods pledged with and in the custody of the same scheduled or provincial co-operative bank as collateral. The documents of title to goods issued by independent warehousing companies can, however be accepted as a good collateral. The sub-section necessitates, therefore, the establishment of independent warehousing companies which will provide efficient storage arrangements and have authority to issue receipts which are negotiable. In America, the system of what are called Field Warehouses" is very developed and forms an important link in the machinery for financing the marketing of agricultural produce.(2) The establishment of warehouses in this province on these lines will open out an important avenue for the Reserve Bank to provide finance to agriculture. The Warehouse Receipt will be an ideal security for any bank, and a promissory note supported by it will be eligible for rediscount with the Reserve Bank. As a result there will be not only an increase in the volume of finance available to the agriculturists but there will also be a cheapening of the rates of interest and, incidentally, the system of warehouse will contribute to smooth and orderly marketing and enable the cultivator to realise better prices for his produce.(3) In view of the above considerations, this Bill has been prepared. It provides for the establishment of a large number of warehouses both at the district and tahsil headquarters as well as in central villages in the interior where markets are held. At this warehouse the agricultural produce will be graded and stored and

regularly inspected. It will be under a licensed warehouseman who will keep the produce in his personal custody, take proper care of it against theft, deterioration and all insurable accidents and issue a receipt of safe custody with an undertaking to give its delivery only to the person entitled to it. The need for such a legislation has been stressed by the Reserve Bank of India, Government of India and also by the Fourteenth Conference of Registrars, Co-operative Societies held at Bombay in 1944. For Statement of Objects and Reasons see C.P. & Berar Gazette, Extraordinary, dated the 23rd September, 1946 at p. 285. [Dated 30th December 1948] Received the assent of the Governor General on the 30th December, 1947 ; assent first published in Central Provinces and Berar Gazette, Extraordinary on the 5th January, 1948. An Act to encourage the establishment of warehouses for storing agricultural produce and to make provision for their proper supervision and control. Whereas it is expedient to encourage the establishment of warehouses for storing agricultural produce and to make provision for their proper supervision and control; It is hereby enacted as follows :

## **Chapter I**

### **Preliminary**

#### **1. Short title, extent and commencement.**

(1) This Act may be cited as The [Madhya Pradesh] [Substituted by MP Extension of Laws Act 23 of 1958.] Agricultural Warehouse Act, 1947. (2) [ It extends to the whole of Madhya Pradesh.] [Substituted by MP Extension of Laws Act 23 of 1958.] (3) [ It shall be in force in the Mahakoshal region and shall [come into force] [Substituted by MP Extension of Laws Act 23 of 1958.] in any other regions of the State on such date as the [State Government may, by notification in the Official Gazette appoint] [The State Government has appointed the 1st March, 1959 as the date on which the Act shall come into force in all the regions of the State other than the Mahakoshal region vide MP Rajpatra, dated 27-2-59.].]

#### **2. Definitions.**

- In this Act, unless there is anything repugnant in the subject or context, -(a) "depositor", means a person who tenders agricultural produce to a warehouseman to be stored in his warehouse and includes any person who lawfully holds the receipt issued by the warehouseman in respect of such produce and derives title thereto by a proper endorsement or transfer thereof to him by the depositor or the depositors lawful transferee; (b) "prescribed", means prescribed by rules made under this Act; (c) "prescribed authority" means such authority as the State Government may, by rules, prescribe to carry out the duties under this Act; (d) "warehouse" means a building or protected enclosure which is used or may be used for the purpose of storing agricultural produce; (e) "warehouseman" means a person licensed as such under this Act to conduct a warehouse.

## **Chapter II**

### **Licensing of Warehouses**

#### **3. Warehouseman.**

(1)For every warehouse there shall be a warehouseman.(2)No person shall carry on the business of a warehouseman except under a licence granted under this Act and in accordance with such terms and conditions thereof as may, from time to time, be prescribed under this Act.(3)The licence shall be valid for such period as may be prescribed.

#### **4. Grant of licence.**

(1)Application for a licence shall be made in the prescribed form to the prescribed authority.(2)The prescribed authority may, on receiving such application and on payment of such fees as may be prescribed, grant or renew a licence.

#### **5. Conditions for grant of licence.**

- Before granting a licence the prescribed authority shall satisfy himself-(i)that the warehouse is suitable for the proper storage of the agricultural produce in respect of which a licence has been applied for,(ii)that the applicant is competent to conduct such a warehouse,(iii)that no cause exists by reason of which in the opinion of the prescribed authority the applicant should be deemed to be disqualified for holding a licence, and(iv)that the applicant has furnished such security as may be prescribed.

#### **6. Suspension or cancellation of licence of warehouseman.**

(1)Every licence may be suspended or cancelled as hereinafter provided by the prescribed authority for reasons to be recorded in writing and in particular if the warehouseman-(a)has been adjudicated as insolvent or bankrupt,(b)has parted in whole or in part with his control over the warehouse.(c)has ceased to conduct such warehouse,(d)has made exorbitant or unreasonable charges for the services rendered by him as warehouseman,(e)has in any other manner become incompetent to conduct the business of warehouseman, or(f)has violated any term of this licence or any provision of this Act and the rules thereunder.(2)The State Government may prescribe any other cause for which a licence may be suspended or cancelled.(3)If a licence is suspended or cancelled the prescribed authority shall make an entry to that effect in the licence.

#### **7. Notice of cancellation of licence.**

(1)Before cancelling a licence the prescribed authority shall give notice to the warehouseman stating the grounds on which it is proposed to cancel his licence and calling on him to show cause within fifteen days why it should not be cancelled.(2)After considering the explanation, if any of the

warehouseman, the prescribed authority may pass such orders as it deems just.(3)At any time for reasons to be recorded in writing the prescribed authority may suspend a licence.(4)If the licence of a warehouseman is suspended or cancelled the authority suspending or cancelling the licence shall have power to take over the warehouse for such period and on such terms and conditions as may be prescribed.

## **8. Duplicate licence.**

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

## **Chapter III**

### **Duties of Warehouseman**

## **9. Reasonable care of the goods stores.**

- Every warehouseman shall take such care of the produce stored in his warehouse as a man of ordinary prudence would take of his own produce under similar circumstances.

## **10. Preservation of identity of produce.**

- Every warehouseman shall exercise such care in keeping distinct the produce of each depositor as will enable him at all times to identify it and to deliver it without undue delay on demand by the depositor :Provided that where standardized and graded produce is stored in a warehouse, subject to any agreement between the warehouseman and a depositor, there may be pooling of the same grade and kind of produce belonging to several depositor and each depositor shall be entitled only to his portion of the produce according to weight or quantity, as the case may be, as shown in his receipt.

## **11. Produce deteriorating in warehouse and its disposal.**

(1)Whenever produce stored in a warehouse is found to be deteriorating from causes beyond the control of the warehouseman, he shall as soon as possible give notice of such deterioration to the depositor requiring him to surrender his receipt and take delivery of the produce on payment of the warehouseman's dues.(2)In the event of the depositor failing to comply with the notice within a reasonable time, the warehouseman may cause such produce to be removed from his warehouse and sold by public auction at the cost and risk of the depositor.(3)A copy of the notice provided for in sub-clause (1) shall be given by the warehouseman to the bank on whose behalf the depositor's produce is stored in his warehouse.

## **12. Delivery of produce.**

- Every warehouseman in the absence of any reasonable or lawful excuse shall without unnecessary delay deliver the produce stored in his warehouse to the depositor on a lawful demand made by him and on surrender of the warehouse receipt duly discharged and on payment of charges due to the warehouseman, and subject to any agreement between the warehouseman and the depositor, the latter may take partial delivery of his produce stored in the warehouse.

## **13. Insurance of produce stored in warehouse.**

- Every warehouseman shall insure the produce stored in his warehouse against such risk and to such extent and in such manner as may be prescribed.

## **14. Charges for storing produce to be made without undue preference.**

- No warehouseman shall in the conduct of his business show undue preference to any person, but may make such charges for the storing of produce in his warehouse as may be agreed upon between him and the depositor, not exceeding the limits imposed by the conditions of his licence.

## **15. Warehouseman not to lend money against the produce in his warehouse.**

- No warehouseman shall either on his own account or that of others deal in or lend money on the produce which he receives in his warehouse: Provided that this section shall not apply to co-operative societies [or to warehousing corporations established under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956 (XXVIII of 1956), in relation to warehouses owned and run by such societies and corporations.] [Substituted by MP Extension of Laws Act 23 of 1958]

## **Chapter IV**

## **Warehouse Receipt**

### **16. Issue of receipt.**

- A warehouseman shall issue a receipt in the prescribed form containing full particulars in respect of the produce stored in his warehouse by each depositor.

### **17. Receipt transferable by endorsement.**

- Such receipt or a duplicate receipt issued under Section 18 shall unless specified otherwise, be transferable by endorsement and shall entitle its lawful holder to receive the goods specified in it on the same terms and conditions on which the depositor who originally deposited the produce would have been entitled to receive it.

## **18. Duplicate receipt.**

(1)Where a receipt issued by a warehouseman is lost, destroyed, torn, defaced or otherwise becomes illegible, the prescribed authority shall, subject to rules made in this behalf, issue a duplicate receipt.(2)When a duplicate receipt is issued, it shall be clearly stamped "Duplicate" and shall be marked with the date of issue of the duplicate and that of the original available from the office of issue.

## **Chapter V**

## **Inspection and Classification of Produce**

### **19. Inspection.**

- The prescribed authority may at any time during business hours inspect or examine or depute any person to inspect or examine a warehouse licensed under the Act, its equipment, the produce stored, the account books and records for the purpose of satisfying itself that the requirements of the Act and the rules are being complied with.

### **20. Licensed weighers, samplers and graders.**

(1)The prescribed authority may issue licences to qualified and competent persons entitling them to act as weighers, samplers and graders of any produce stored or to be stored in a warehouse and to issue certificates as to weight, quality or grade of the produce which they have examined and the certificates so issued shall be binding on the warehouseman and the depositor as to the weight, quality or grade of the produce so certified.(2)The warehouseman shall not be responsible for any shortage caused to produce stored in his warehouse by driage or other causes beyond his control.(3)The warehouseman shall not be entitled to any excess caused to produce stored in his warehouse by absorption of moisture or other causes.(4)In the event of a dispute arising as to whether the shortage or excess is due to driage or absorption of moisture or is due to other causes beyond the warehouseman's control or in the event of a dispute arising over the action of weighers, samplers and graders and all other disputes of whatsoever nature relating to quality, grading or weight shall be referred to the prescribed authority whose decision in the matter shall be final and binding.

### **21. Suspension or cancellation of licence of weigher, sampler or grader.**

(1)Subject to rule made in this behalf every licence granted to a sampler, weigher or grader shall be liable to be suspended or cancelled by the prescribed authority.(2)If a licence is suspended or cancelled the prescribed authority shall make an entry to that effect in the licence.(3)No person who does not hold a licence shall hold himself out or work as licenced weigher, sampler or grader.

## **22. Duplicates.**

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

## **Chapter VI Miscellaneous**

### **23. Penalty.**

- Any person who knowingly and wilfully infringes any of the provisions of requirements of this Act or the rules made thereunder shall on conviction by a Magistrate be liable to be punished with imprisonment for a term which may extend to three years, or with fine, or with both :Provided that an offence under this Act shall be compoundable with permission of the Court.

### **24. Rules.**

(1)The State Government may, after previous publication, make rules for carrying out the provisions of this Act.(2)In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-(a)regarding all matters to be prescribed or for which rules are to be made under this Act;(b)the authority to carry out the duties under this Act;(c)the form of application for the grant of licence to a warehouseman, the period and conditions of the licence and its renewal;(d)the form of receipt to be issued by a warehouseman, the particulars to be specified therein and the conditions for the issue of a duplicate receipt;(e)the nature of accounts books and records to be maintained by a warehouseman;(f)the manner of giving notice under this Act;(g)the manner of conducting a public auction for the sale of produce deteriorating in a warehouse and accounting for the proceeds of such sales;(h)the qualifications for, and grant of licences to, weighers, samplers and graders, the conditions and period of their licences, form of certificates to be issued by them, renewal of their licences, the conditions under which the licences may be suspended or cancelled;(i)the amount of fees for the grant of licences under this Act and their renewal and for the issue of duplicate licences;(j)the standard weights, measures, classifications, gradations, and methods of storage of produce to be used in warehouses under this Act;(k)the publication of the grant, suspension or cancellation of licences and the list of licensed warehouses; and(l)generally for the efficient conduct of the business of a warehouseman.