

COTTON (CONTROL) ORDER, 1955

CONTENTS

1. Short title, extent and commencement

2. 2

3. 3

4. 4

4A. 4-A

5. 5

6. 6

7. 7

8. 8

9. 9

10. 10

11. 11

12. 12

13. 13

13A. 13-A

14. 14

14A. 14-A

14B. 14-B

15. 15

16. 16

17. 17

18. 18

19. 19

20. 20

21. Appeal

COTTON (CONTROL) ORDER, 1955

COTTON (CONTROL) ORDER, 1955

1. Short title, extent and commencement :-

(a) This Order may be called the Cotton Control Order, 1955.

(b) It extends to the whole of India ¹ [* * * *]

(c) It shall come into force at once.

(d) The Cotton Control Order, 1955, Notification No. S.R.O. 1511, dated the 13th July, 1955, is hereby repealed : Provided that any order made, notification issued, licence granted, right accrued,

penalty incurred, or anything done or deemed to have been done under the said order or any corresponding order in force shall be deemed to have been made, issued, granted, accrued, incurred or done under the corresponding provisions of this Order.

1. Omitted by S.O. 2590, dated the 30th June, 1969.

2. 2 :-

In this Order, unless the context otherwise requires [* * *]

(a) "carrier" includes a railway administration or any other person engaged in the business of transporting property from one place to another by land, air or water; -

(b) "contract" means a ready delivery contract;

1[(c) "cotton" means-

(i) ginned cotton; and

[(ii) ginned and pressed cotton, and includes both Indian and foreign cotton, but excludes all the wastes comprising either 100 per cent. cotton or a mixture of cotton and non-cotton fibres thrown out during various processes in the spinning of cotton. and includes both Indian and foreign cotton but excludes all the wastes which are thrown out during the various processes in the spinning of cotton.]

2[(d) "cotton ginning factory" means any place where cotton is ginned or where cotton fibre is separated from cotton seed by any process whatever, involving the use of steam, water or other mechanical power or of electrical power;

(dd) "cotton pressing factory" means any place where loose cotton is pressed into bales by the use of steam, water or other mechanical power or of electrical power;

(ddd) "cotton ginning and pressing factory" means any place where both cotton ginning and cotton pressing processes as defined in sub-clauses (d) and (dd) are carried out;]

(e) "cotton season" means the period from the 15th day of September of one calendar year, until and inclusive of the thirty-first day of August in the next year.

(f) "foreign cotton" means cotton grown in any country outside India;

- (g) "form" means a form appended to this Order;
- (h) "Indian cotton" means cotton grown at any place in India,
- (hh) "kapas" means ungenel tton;
- (i) "licensing authority" means in this behalf by a State Government for any specified area-
- (i)) in relation to "A" class licence, the Textile Commissioner; and
- (ii) in relation to 6 ["B" class licence] the State Government or any officer authorised by the State Government;
- (j) "manufacturer" means a manufacturer of yarn;

3 [(jj) "person" includes,-

- (i) a Hindu undivided family,
- (ii) a firm,
- (iii) a company,
- (iv) an association of persons or a body of individuals, whether incorporated or not, and
- (v) every artificial juridical person, not falling within any of the preceding items;]

[(jjj) "power" means electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency;]

(k) "ready delivery contract" means a contract which provides for the delivery of goods and the payment of a price therefor, either immediately or within seven days after the date of contract, the period under such contract not being capable of extension by the mutual consent of the parties thereto or otherwise;

(l) an article shall be deemed to be in the possession of a person when it is held on behalf of that person by another person or when held by that person on behalf of another person;

(m) the expressions "yarn" and "Textile Commissioner" shall have the same meanings as they have in the Cotton Textile (Control) Order, 1948.

1. Subs. by S.O: 3149, dated the 9th August, 1969.

2. Subs. by S.O. 1935, dated the 26th May, 1976, published in the Gazette of India, Pt. II, Sec. 3 (iii) dated the 12th June, 1976.

3. Ins. by S.O. 93, dated the 27th December, 1970.

3. 3 :-

(1) The Textile Commissioner may fix the maximum and the minimum prices at which any cotton or kapas or cotton seed may be sold or purchased.

(2) Where the maximum and minimum prices have been fixed as aforesaid in respect of any cotton or kapas or cotton seed, no person shall sell or offer to sell or purchase or offer to purchase any such cotton or kapas or cotton seed at a price exceeding the maximum or lower than the minimum price so fixed.

4. 4 :-

(1) No person shall enter into a contract for the sale or purchase of cotton except in accordance with such restrictions and conditions as the Textile Commissioner may from time to time prescribe.

(2) All contracts entered into or made after the commencement of this Order in contravention of sub-clause (1) shall be void.

4A. 4-A :-

(1) The Textile Commissioner may, with a view to regulating the supply of cotton or kapas in the country or with a view to securing compliance with this Order, issue directions to any person holding stock cotton or kapas or any class of such persons, regarding the maximum quantity of any description of cotton or kapas which may be kept in his or their possession at any time or during a specified period, and the period within which cotton or kapas in excess of the quantity specified in such direction shall be disposed of by such person or class of persons.

(2) The Textile Commissioner in exercise of the powers conferred upon him under sub-clause (1) shall have regard to the following matters, namely :

(a) the stock position of cotton or kapas in the country;

(b) the normal stocks kept with such person or class of persons and the sales made during a particular period; and

(c) the need to regulate supplies of cotton to the manufacturers.

(3) Every person to whom the Textile Commissioner issue directions under sub- clause (1) shall comply with such directions.]

5. 5 :-

(1) The Textile Commissioner may [specify the maximum or the minimum quantity or both] of any description of cotton which a manufacturer may buy during a specified period or within a specified area or which at any time he may have in his possession: [Provided that where a manufacturer has already entered into any contract for the purchase of a quantity of cotton in excess of the maximum quantity specified or a quantity in excess of the maximum quantity specified against any description of cotton, he shall either cancel or settle all outstanding contracts in respect of such excess at a price not exceeding the ceiling price or sell and deliver the excess quantity involved to a person nominated by the Textile Commissioner at such prices and on such conditions as may be specified.]

(2) The Textile Commissioner in the exercise of the powers conferred upon him under sub-clause (1) shall have regard to the following matters, namely :

(a) the consumption by the manufacturer of different descriptions of cotton grown in India and ¹[in other countries] for the purpose of manufacturing yarn during the current cotton season, where such manufacture of yarn was for any reason interrupted in that season, during such other cotton season as the Textile Commissioner may, in the circumstances of the case, deem equitable;

(b) the number of spindled in use with the manufacturer;

(c) the capacity of the manufacturer to manufacture yarn; ² [and

(d) the need in the interest of the cotton textile industry, for promoting export of cotton textiles and the manufacturer's contribution towards such export.]

[(3) No manufacturer shall buy or have in his possession a quantity of cotton in excess of the maximum quantity, or less than the minimum quantity, specified in sub- clause (1)].

1. Subs. by S.O. 1667, dated the 23rd May, 1966.

2. Ins. by G.S.R. 888, dated the 19th June, 1962.

6. 6 :-

Without prejudice to any order made under sub-clause (1) of Cl. 5, where, at any time, in the opinion of the Textile Commissioner, any manufacturer in his possession a quantity of cotton in excess of the quantity which would reasonably be required by him for manufacturing yarn in the following ¹ [two months], it shall be open to the Textile Commissioner, to the extent of such excess, to direct such manufacturer to sell such quantity of the excess cotton at such price on such conditions as may be specified, and every manufacturer shall comply with such direction.

1. Subs. by S.O. 3607, dated the 29th November, 1966.

7. 7 :-

(1) No person shall purchase, sell, store or carry on business in cotton or shall hold cotton in hypothecation or against a pledge except under and in accordance with the conditions of a licence granted by the appropriate licensing authority.

¹[(2) There shall be following two classes of licences granted under this Order, namely:

(i) "A" Class licence, which shall be in Form "F" and shall be valid throughout

(ii) "B" Class licence, which shall be in Form "G" and shall be valid in the State concerned.]

(3) Nothing in sub-clauses (1) and (2) shall apply to-

(i) a person who purchases or stores cotton for his own use, and not for the purpose of sale, and who does not at any time have in his possession a quantity of cotton exceeding 24 bales of ginned and pressed cotton or boras of ginned cotton;

(ii) a grower in respect of cotton produced by him [* * *];

(iii) a person who gins kapas, or presses cotton, of his constituents;
²[and]

² [(iv) a person who does not at any time have in his possession for sale a quantity of cotton exceeding one thousand kilograms].

1. Subs. by S.O, 2866 dated the 19th September, 1966, published in the Gazette of India. Pt. II, Sec. 3 (ii), dated the 1st October, 1966.

2. Ins. by S.O. 1390.

8. 8 :-

Any person desiring a licence shall make an application to the appropriate Licensing Authority in Form "A" for "A" or "B" Class licence, [Provided that no person shall apply for and obtain both "A" and "B" Class licences at any one time : Provided further that any person having both "A" and "B" Class licences at the commencement of the Cotton Control (Second Amendment) Order, 1978, within 30 days from such commencement, surrender any one of the licences to the appropriate licensing . authority for cancellation. ¹ [* * *].

1. Omitted by S.O. 2515.

9. 9 :-

5 [

(1) Every licence granted or renewed under this Order shall be valid for the cotton season for which it is granted or renewed.

(2) Every such licence shall be renewable from time to time within sixty days of the expiry of the cotton season in respect of which it has been granted or renewed.

(3) If a licence is not renewed within 60 days of the expiry of the cotton season in respect of which it has been granted or renewed, there shall be no renewal thereof but a fresh licence may be granted on payment of the requisite fee as specified in sub-clause (4) and where any such fresh licence is granted it shall be valid from the date of its issue and up to the duration of the cotton season in respect of which it is granted.

(4) There shall be charged for the grant of each of the type of licence specified in column 1 of the undermentioned Table I, the fees specified in the corresponding entry of the column 2 thereof:

(5) There shall be charged for the renewal of each of the type of licence specified in column 1 of the undermentioned Table II, the fee specified in the corresponding entry of

(6) Notwithstanding anything contained in sub-clauses (4) and (5), no person shall in respect of any one cotton season, be liable to pay more than Rs. 30 or Re. 1 for the grant or renewal of any number of "B" class or "C" class of licences, respectively within the same State and the amount, if any, paid by him in excess of Rs. 30 or

Re. 1 as the case may be, shall, on application made in that behalf, be refunded to him by the State Government (or any officer authorized by the State Government in this behalf).]

10. 10 :-

If a licence granted under this Order is lost or destroyed the Licensing Authority may, after making such enquiry as it may deem fit, issue a duplicate licence on payment of a fee of Rs. 5.

11. 11 :-

The Licensing Authority may cancel any licence granted under this Order or otherwise render it ineffective in any of the following circumstances, namely :

(a) when the licence has been granted through mistake or has been obtained by fraud or misrepresentation;

(b) when the licence has been granted contrary to the provisions of this Order;

(c) when the licensee has committed a breach of any of the conditions of the licence: Provided that no action shall be taken under this clause unless the licensee has been given a reasonable opportunity of being heard: Provided further that notwithstanding anything contained in this clause the Licensing Authority, if satisfied that it is expedient so to do in the public interest, may cancel any licence or render it ineffective without assigning any reason.

12. 12 :-

(1) The Textile Commissioner may issue a direction to any person to furnish samples of any cotton in his possession; and may issue such instructions as he thinks fit regarding such samples.

(2) Every person, to whom a direction or instruction is issued under this clause, shall comply with any such direction or instruction.

13. 13 :-

(1) The Textile Commissioner may issue directions to any person holding stocks of kapas to get it ginned before a specified date and every such person shall comply with such directions.

(2) The Textile Commissioner may by a general order prohibit from such date or dates as may be specified in the Order the possession of any kapas of a specified description or in a specified area except

under and in accordance with the permission in writing of the Textile Commissioner.

¹[(3) Notwithstanding anything contained in sub-clauses (1) and (2), no manufacturer shall purchase or otherwise acquire kapas: ²[* * *] may be permitted by the Textile Commissioner, subject to such condition as he may specify, ³[to purchase such quantity of kapas or to accept for ginning such quantity of kapas (not being owned by that manufacturer) as considering the ginning capacity of such factory, is capable of being ginned at that factory]; ⁴[Provided further that where a direction for the sale of kapas to a manufacturer has been issued by the Textile Commissioner in accordance with the provisions of Cl. 14-A, it shall be lawful for such manufacturer to acquire kapas to the extent provided in such direction]: ⁵ [Provided further that where a manufacturer has entered into a contract with a grower of cotton for the purchase of kapas in lieu of the grower of cotton by the banks in pursuance of a scheme for intensive development of cotton production formulated by the Indian Cotton Mills Federation. The Textile Commissioner may permit such manufacturer to so purchase kapas to the extent covered by any such contract.]

1. Ins. by S.O. 2697, dated the 4th December, 1959, published in the Gazette of India. Pt. II, Sec 3(ii), dated 4th December, 1959.
2. Omitted by G.S.R. 1071, dt. 3rd August, 1962.
3. Subs. by S.O. 85, dated 22nd December, 1976, published In the Gazette of India. Pt. II. Sec. 3(ii), dated 8th January, 1977.
4. Added by S.O. 3607, dated the 29th November, 1966, published In the Gazette of India, Extraordinary, Pt. II, Sec, 3(ii). dated the 29th November, 1966.
5. Ins. by S.O. 1325, dated the 11th April, 1970.

13A. 13-A :-

Every owner or lessee of a cotton ginning factory ¹[or cotton pressing factory or cotton ginning and pressing factory] shall pack cotton only in standard bales containing 170 kgs. of cotton with a tolerance of 10 kgs. on either side: ¹ [Provided that the Textile Commissioner may, if he is satisfied about the inability of any such owner or lessee to comply with the above direction, permit such owner or lessee to pack cotton in bales containing such quantity as may be specified by him.]

1. Ins. by S.O. 1935, dated the 26th December, 1976.

14. 14 :-

The Textile Commissioner may by general or special order prohibit the transport of cotton or kapas from any place within any area to any place outside that area by land, air or water except under such conditions, limitations and restrictions as may be specified in such order.]

14A. 14-A :-

(1) The Textile Commissioner may, with a view to securing an equitable distribution of cotton 8 [or kapas] or with a view to securing compliance with this Order, direct any person holding in stock cotton 8 [or kapas] or any class of such persons-

(a) to sell to such person or class of persons such quantities of such description of cotton [or kapas] as the Textile Commissioner may specify;

(b) not to sell or deliver cotton 8 [or kapas] of a specified description except to such person or class of persons and subject to such conditions as the Textile Commissioner may specify.

[(2) Every person to whom the Textile Commissioner issues directions under sub- clause (1) shall comply with such directions.]

14B. 14-B :-

(1) Any manufacturer desiring assistance from the Textile Commissioner for the purpose of obtaining supplies of cotton 8 [or kapas] may make an application to the Textile Commissioner in such form as may be prescribed by him in this behalf.

(2) The Textile Commissioner shall prescribe the procedure to be followed in giving effect to any application made under sub-clause (1).

(3) If any cotton ¹[or kapas] is directed to be sold to a manufacturer in pursuance of Cl. 14-A of this Order, the Textile Commissioner shall, having regard to the provisions contained in sub-section (3) of Sec. 5 of the Essential Commodities Act, 1955 (10 of 1955), ¹[and after giving the stock holder a reasonable opportunity of being heard] determine the price of the cotton ¹[or kapas] so directed to be sold.

(4) The Textile Commissioner ⁴ [may establish in any case or class of cases a committee consisting of members representing the interests of the growers of cotton, trade and manufacturers so to

advise him] for the purpose of fixing the price of cotton directed to be sold under Cl. 14-A of this order].

1. Ins. by S.O. 3607, dated 29th November, 1966, published in the Gazette of India, Extraordinary, Pt. II, Sec.(ii), dated 29th November, 1966.

4. Subs. by S.O. 39.

15. 15 :-

(1) Every person, not being a manufacturer, holding an "A" or "B" class licence granted under this Order, shall, in respect of each description of cotton, submit to the appropriate licensing authority or any other officer authorised by it in this behalf within five days of the completion of each fortnight, a true and accurate return in Form "C" in respect of stocks, receipts and sales of cotton.

1 [Provided that every person, not being a manufacturer, holding a "B" class licence granted under this order, shall send a copy of the return in Form "C" to the Textile Commissioner also within the period specified above.]

(2) Every person [not being a manufacturer], holding an "A" or "B" class licence granted under this Order shall submit to the Textile Commissioner within a week of the expiry of each month, a true and accurate return in Form "D" in respect of cotton transported outside the State.

1. Added by S.O. 1508, dated 20th May, 1980.

16. 16 :-

The Textile Commissioner may by order in writing direct any carrier to close the booking and transport of any cotton or kapas by land, air or water between such places and for such period as may be specified in the order and such carrier shall comply with the order.

17. 17 :-

The Textile Commissioner may, with a view to securing compliance with the order,-

(a) require any person to give any information in his possession with respect to any business carried on by that or any other person;

(b) inspect or cause to be inspected any books or other documents belonging to or under the control of any person;

(c) enter and search or authorize any person to enter and search

any premises and seize or authorize any person to seize any article in respect of which he has reason to believe a contravention of this Order has been committed and any other article in the premises which he has reason to believe has been or is intended to be used in connection with such contravention.

18. 18 :-

Every person who is required to give any information under Cl. 17 shall comply with such requisition.

19. 19 :-

(1) Every manufacturer shall submit to the Textile Commissioner ¹ [or any officer [8th day] of every month a return in Form "E" giving all the particulars specified therein.

1. Ins. by S.O. 1667, dated the 23rd May, 1962.

20. 20 :-

The Textile Commissioner, with the previous sanction of the Central Government, may by general or special order in writing authorise any officer to exercise on his behalf all or any of his functions and powers under this Order.

21. Appeal :-

Any person aggrieved by an order of the Textile Commissioner or the licensing authority made under this order may prefer an appeal to the Central Government within thirty days of the date of communication of such order and the decisions of the Central Government thereon shall be final.]