

Agricultural Produce (Development and Warehousing) Act, 1956

WAREHOUSING CORPORATION, ACT 1962

The all India Rural Credit Survey Committee of Reserve Bank of India recommended the establishment of warehouses to strengthen the rural credit and marketing. As a result of the recommendations of the Committee, the Government of India enacted the Agricultural Produce (Development and Warehousing) Corporation Act, 1956.

PROVISIONS OF THE ACT:

- a) The establishment of a National Co-operative Development and Warehousing Board, which was set up on 1st September 1956.
- b) The establishment of the Central Warehousing Corporation (set up in 1957)
- c) The establishment of State Warehousing Corporation in various States (since 1957)

In 1962, the Government of India decided to bifurcate the Act of 1956 into two separate Acts, such as: -

- a) National Co-operative Development Corporation Act (1962)
- b) Warehousing Corporation Act (1962)

Warehouses are scientific storage structures constructed for the protection of quality and quantity of the stored produce. In other words, it can be called as the protector of the national wealth.

Warehousing scheme in India is an integrated scheme of scientific storage, rural credit, price stabilization and market intelligence and is intended to strengthen the cooperative institutions.

Functions of Warehouses: -

Scientific storage: In Warehouses the stored produce is protected from the vagaries of weather and rodents, insects, pests' etc. and prevents quality and quantity losses.

Financing: Warehouses meet the financial needs of the persons who store the produce by providing value of the goods stored.

Price stabilization: Warehouses help in regulating the price levels by regulating the supply of goods in the markets. More goods from the buffer are released when supplies are less and less is released when supplies are more in the markets. Thus the demand levels are monitored.

Market Intelligence: Warehouses offer the price, supply and demand information to the market users so as to develop selling and buying strategies by them.

Central Warehousing Corporation (CWC): Established on 2nd March, 1957 with 91.99 lakh MTs capacity of storage capacity spread among 473 units. The CWC provides safe and reliable storage facilities for about 120 agricultural and industrial commodities. The area of operation of the Warehouses under CWC is Centre and inter-State importance.

Functions of the Central Warehousing Corporation are –

- 1) To acquire and build godowns and warehouses at suitable places in India;
- 2) To run warehouses for the storage of agricultural produce, seeds, fertilizers and notified commodities for individuals, co-operatives and other Institutions;
- 3) To act as an agent of the Government for purchase, sale, storage and distribution of the above commodities;
- 4) To arrange facilities for the transport of above commodities;
- 5) To subscribe to the share capital of State Warehousing Corporations; and
- 6) To carry out such other functions as may be prescribed under the Act.

State Warehousing Corporations:

Separate Warehousing corporations were also set up in different States of the Indian Union. The first warehouse was set up in Bihar in 1956 and now, 17 State Warehousing Corporations are operating.

The area of operation of the State Warehousing Corporations is centres of district importance. The total share capital of the State Warehousing Corporations is contributed equally by the concerned State Governments and the Central Warehousing Corporation. The SWCs are under the dual control of the State Government and the Central Warehousing Corporation.

Working of Warehouses:

The Warehouses (CWCs and SWCs) work under the respective Warehousing Acts passed by the Central or State Governments. They are licensed under the provisions of the Act.

Eligibility: Any person may store notified commodities in warehouse on agreeing to pay the specified charges. The person is required to bring his produce to the warehouse for storage. The commodity is inspected and the quality of the product is determined.

Warehousing Receipt (Warrant): This is receipt/warrant issued by the warehouse manager/owner to the person storing his produce with them. This receipt mentions the name and location of the warehouse, the date of issue, a description of the commodities, including the grade, weight and approximate value of the produce based on the present price..

The warehouse warrants is a negotiable instrument and can be transferred by a simple endorsement and delivery. The depositor may take a delivery of part of the goods through this warrant. Sometimes, the warrant may be non-negotiable.

Use of chemicals: The produce accepted at the warehouse is preserved scientifically and protected against rodents, insects and pests and other infestations. Periodical dusting and fumigation are done at the cost of the warehouse in order to preserve the goods.

Financing: The warehouse receipt serves as a collateral security for the purpose of getting credit. Commercial banks advance upto 75 percent of the value of the produce stored in the warehouse.

Delivery of produce: The warehouse receipt has to be surrendered to the warehouse owner before the withdrawal of the goods. The holder may take delivery of a part of the total produce stored after paying the storage charges.

License for running Warehouse: A license is required to run a warehouse from the CWC / SWC.