
**MAHARASHTRA RAW COTTON (PROCUREMENT,
PROCESSING AND MARKETING) (CAPITAL FORMATION
FUND) RULES, 1984**

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**MAHARASHTRA RAW COTTON (PROCUREMENT,
PROCESSING AND MARKETING) (CAPITAL FORMATION
FUND) RULES, 1984**

No.KPS. 1082/11962/10-C - In exercise of the powers conferred by sub-sections (1) and (2) of section 46 read with sub-section (7) of section 35A of the Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, 1971 (Mah XLVII of 1971), and of all other powers enabling it in this behalf, the Government of Maharashtra hereby makes the following rules, then same having been previously published as required by sub-section (3) of the said section 46, namely :-

1. Short title :-

These rules may be called the Maharashtra Raw Cotton (Procurement, Processing and Marketing) (Capital Formation Fund) Rules, 1984 .

2. Definitions :-

In these rules, unless the context otherwise requires, --

(1)

(a) "Act" means the Maharashtra Raw Cotton (Procurement,

Processing and Marketing) Act, 1971 (Mah. XLVII of 1971);

(b) "agent" means any person, who is, or body, which is appointed as agent under sub-section (2) of Section 42 OF THE Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, 1971 ;

(c) "Competent Authority" means the authority constituted under Rule 5 of these rules;

(d) "Fund " means the Capital Formation Fund established and maintained under S.35A OF THE Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, 1971;

(e) "Pass-book" means a pass-book issued to the tenderers of kapas in accordance with the instructions contained in Government letter, Agriculture and Co-operation Department No. CMI/EPC/PassBook/1081/341, dated the 13th October, 1981 (set out in extenso in the Appendix hereto);

"Scheme" or "cotton scheme" means the scheme of procurement, processing and marketing of raw cotton administered under the Act;

(f) "Scheme" or "cotton scheme" means the scheme of procurement, processing and marketing of raw cotton administered under the Act;

(g) "section" means a section of the Act.

(2) Words and expressions used in these rules, but not defined herein shall have the meanings respectively assigned to them in the Act.

3. Capital Formation Fund :-

The Fund shall consist of the contribution made by the State Government under sub-section (2), the contribution received from the tenderers of kapas under sub-section (3) and the contributions received from an agent under sub-section (4) of S.35 A of the Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, 1971.

4. Maintenance of Accounts :-

The agent operating the scheme shall maintain Tahsilwise separate accounts of the Fund in suitable forms to be adopted with the previous approval of the State Government and such accounts shall show -

(a) on the receipt side, the source wise receipts from the following different sources namely :-

(i) Government contribution to the Fund;

(ii) the contribution of the growers to the Fund;

(iii) the contribution of the growers to the Fund for development of industrial co-operative based on cotton;

(iv) the contribution of the agent to the Fund;

(v) interest; and any other receipts, grants or income; and

(b) on the expenditure side, the amounts spent in the operation of the scheme, from time to time, on the express permission given by the Competent Authority, the amount used for the development of industrial co-operatives based on cotton either by way of purchase of shares by the individual growers or sanction of loans to the new/existing industries specifying the co-operative societies assisted.

5. Competent Authority :-

The Fund shall be operated and expended or utilized for the purposes specified in sub-section (5) of S.35A OF THE Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, 1971 by the Competent Authority consisting of the following members, namely :

(i) The Minister of State for Co-operation \Chairman

(ii) The Secretary to Government, Finance Department \Member

(iii) The Secretary to Government, Agriculture and Cooperation Department (Co-operation) \Member

[

(iiia) The Chairman, Maharashtra State Co-op. Cotton Growers Marketing Federation. \Member

(iv) The Deputy or the joint Secretary (Cotton) Agriculture and Co-operation Department. \Secretary

6. Powers and duties of the Chairman :-

The Chairman shall, -

(a) convene, preside over and conduct meetings of the Competent Authority to assess the credit position of, and debits made to the

Fund at least once in every year or as often as may be necessary to decide the other matters relating to maintaining and utilization of the Fund;

(b) issue suitable instructions through the member-Secretary to the agent operating the cotton scheme, in respect of maintenance of the accounts of the Fund, disbursement to be made from the Fund and recovery of loans sanctioned from the Fund to the Industrial Co-operatives based on cotton in accordance with these rules.

7. Pass-Book :-

It shall be the responsibility of the agent to see that the passbooks of the tenderers are maintained properly. The agent shall issue instruction to its member societies through whom the purchase of cotton and payment therefore is made by the agent, laying down the manner in which the pass-books shall be maintained by them and shall supervise the work of maintenance of pass-books with up-to-date entries made therein

8. Particulars to be entered in the Pass-Book :-

(1) The pass-book shall show among other things; credits on account of the contributions made by the growers by way of deduction from the value of cotton tendered for the cotton seasons for the years 1974-75 and 1980-81 and subsequent seasons from 1981-82 onwards; and the dividend or interest accrued thereon and debits on account of withdrawals for purchase of share or shares or of the amount of his share in the loan advanced to a new/existing industrial co-operative society based on cotton.

(2) No debits may be made by the agent or the member society from the contribution of the grower or from the Fund on any account without obtaining specific prior sanction from the Competent Authority.

9. Preparation of Statement by member societies :-

The member societies of the agent shall prepare separate statements showing growers contributions according to the jurisdiction of the new societies in accordance with the instructions of the agent or the State Government, as the case may be, as and when required by the Government.

10. Utilisation of Fund :-

The amount collected for the purpose of development of industrial co-operatives may also be used for operation of the cotton scheme

either as margin money or in the actual business at the discretion of the Competent Authority. However, the use of this portion of the Fund for operation of the scheme shall be treated as loan to the scheme and its use shall be restricted to the utilized amount in this portion of the Fund at a particular time:

Provided that, where the cotton scheme utilizes this portion of the fund in the form of loan, that portion of the loan, or the entire amount of loan which may be required for development of industrial co-operatives at any particular time, shall be repaid immediately on priority basis.

11. Guidelines for utilization of the Fund by the Competent Authority :-

(1) Excepting the sum out of the amount of the contribution of the growers which is ear-marked for the development of industrial cooperatives based on cotton when given back to the growers for the purchase of share or shares of such societies or kept as term deposits with the Maharashtra State Co-operative Bank by the Competent Authority or sanctioned as loan for the new/existing industrial co-operative societies based on cotton in accordance with clauses (d), (e), (f) or (g) as the case may be, of sub-rule (3), the amount in the Fund may be utilized for operation of the cotton scheme either as margin money or in the actual business in relation to the scheme at the discretion of the Competent Authority.

(2) The Competent Authority may authorise the agent to use the amount in the Fund under sub-rule (1) at the rate of interest prescribed by the Competent Authority. The amount of interest so realized shall be debited to the cotton scheme and it shall be credited to the Fund by the agent.

(3) The Competent Authority may utilize the amount representing the contribution of the growers in the Fund under sub-section (3) of S.35A OF THE Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, 1971 for the development of industrial co-operatives based on cotton in accordance with the following guidelines, namely :-

(a) The Competent Authority shall utilize such amount in the Fund so as to protect the interests of the growers;

(b) The deployment of the amount from the contribution of growers for the development of industrial co-operative societies based on

cotton shall be made to help rural industrialization and rural employment;

(c) Utilisation of the Fund for the development of co-operatives shall be made in accordance with the order of priority of setting up of new industries based on cotton and subject to such terms and conditions including those relating to the period of repayment of loan and the rate of interest, payable on such loan, as the Competent Authority may determine;

(d) The Competent Authority may sanction loan out of the growers contribution for development of new or existing industrial co-operative societies based on cotton. However, no amount out of the contribution of the growers for the development of industrial co-operatives based on cotton shall be sanctioned as subsidy to any of the industrial units or Shall be sanctioned as loan for rehabilitation programme of the existing sick units;

(e) When the contribution of the individual grower is equal to or more than the minimum amount required for the purchase of shares of the new [or existing] industrial co-operative societies based on cotton and if the concerned grower gives an undertaking to that effect, he shall be allowed [to withdraw from his account, the amount required for the purchase of shares, in his own name or in the name of any member of his family].

Explanation:- for the purpose of this rule "family of an individual grower includes the following members, residing with him. (i) wife (ii) son, unmarried daughter, if they have attained majority, daughter in-law, (iii) father, mother; (iv) brother, and unmarried sister, if they have attained majority".

(f) When the contribution is less than the amount required for the purchase of such shares and if the concerned grower is willing to purchase such shares by raising the balance amount from his own resources or resources to be generated by raising loans, he shall be allowed to withdraw the amount from his account as shown in the pass-book, provided he and the promoter or the Chairman of the new industrial co-operative society [or chairman of the existing industrial co-operative society] give an undertaking to that effect.

(g) The Competent Authority may after obtaining letter of authority from the growers in Form in Appendix II appended to these Rules, authorise transfer of the permissible amount to the concerned industrial co- operative society based on cotton, ' [so as to enable

the concerned grower or any member of his family to purchase the shares of such society.

(h) The Competent Authority may allow utilization or investment of the part or whole of the balance in the Fund representing the amount of contribution of the growers earmarked for the development of industrial co-operative societies based on cotton excluding the amount returned to the growers for the purchase of shares, in such manner and at such rate of interest as it may deem fit.

(i) The amount of interest earned and credited to the Fund under sub-rule (2) or clauses (c), (d) and (h) of this sub-rule shall be distributed in proportion of the amount of the individual grower's standing contribution in the Fund and it shall be credited to the individual account in the grower's pass-book from time to time.

(4) The Competent Authority shall instruct the agent operating the scheme to close the accounts on the expiry of the Act by crediting in the account all the receipts including the amounts of the term deposits alongwith interest thereon.

(5) The agent operating the scheme shall see that the pass-books of the individual growers show the credit of amounts of their contributions, the debit of amounts of withdrawals for purchase of shares and the interest, if any, credited to his account till the date of closing the accounts on expiry of the Act.