

## **Madras Warehouses Act, 1951**

**15 of 1951**

**[26 June 1951]**

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## **SCHEDULE 1 :- SCHEDULE**

### **Madras Warehouses Act, 1951**

**15 of 1951**

**[26 June 1951]**

#### **PREAMBLE**

An Act to provide for the regulation and licensing of warehouses in the State of Madras.

Whereas it is expedient to encourage the establishment of warehouses and provide for their proper supervision and control; It is hereby enacted as follows:--

1 For Statement of Objects and Reasons, see Fort St. George Gazette, dated the 2nd November 1948, Part IV-A, Pages 418-420. This Act was extended to the Kanyakumari district and the Shencottah taluk of the Tirunelveli district by section 3 of, and the Schedule to, the Madras (Transferred Territory) Extension of Laws Act, 1957 (Madras Act XXII of 1957), repealing the corresponding law in force in that territory.

#### **CHAPTER 1 PRELIMINARY**

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

(1) This Act may be called the Madras Warehouses Act, 1951.

(2) It extends to the whole of the State of Madras.

(3) This section shall come into force at once; and the rest of this Act shall come into force on such date\* as the Government may by notification appoint.

\* Came into force on the 1st May 1953.

##### **2. Definitions :-**

In this Act, unless there is anything repugnant in the subject or

context--

(1) "co-operative society" means a society registered or deemed to be registered under the Madras Co-operative Societies Act, 1932(Madras Act VI of 1932);

(2) "depositor" means a person who has deposited goods with a warehouseman, and includes any lawful holder of the receipt issued by the warehouseman in respect of the goods;

(3) "goods" means any of the articles specified in the Schedule to this Act:

Provided that the Government may, by rules made under this Act, add any article to, or omit any article from, the Schedule;

(4) "Government" means the State Government;

(5) "licensed warehouse" means a warehouse licensed under this Act;

(6) "notification" means a notification published in the Fort St. George Gazette;

(7) "proscribed" means proscribed by rules made under this Act;

(8) "prescribed authority" means, in relation to any provision of this Act, the authority prescribed by rules made under this Act to carry out such provision;

(9) "receipt" means a receipt in the prescribed form issued by a warehouseman to a person depositing goods in the warehouse;

(10) "rules" means rules made by the Government under this Act;

(11) "warehouse" means any building, structure or other roofed enclosure which is or may be used for the purpose of storing any goods on behalf of depositors but does not include cloak rooms attached to hotels, railway stations, the premises of other public carriers, and the like;

(12) "warehouseman" means a person who has obtained a licence under this Act in respect of his warehouse.

## **CHAPTER 2 LICENSING OF WAREHOUSES**

### **3. Certain provisions of the Act to apply only to licensed warehouses :-**

Any person may, subject to the provisions of this Act, obtain a licence in respect of his warehouse; and the provisions of Chapters III, IV and V of this Act, except the Explanation to section 17, shall apply only to a licensed warehouse.

Explanation.--Where a person has more than one warehouse, whether in the same town or village or not, he shall obtain a separate licence for each warehouse in respect of which he desires

a licence under this Act.

#### **4. Application for, and grant and renewal of, licence :-**

(1) Every application for a licence under section 3 shall be made to the prescribed authority and shall be in the proscribed form.

(2) If the prescribed authority is satisfied;-

(a) that the warehouse is suitable for the proper storage of the class or classes of goods in respect of which the licence has been applied for;

(b) that the applicant is competent to conduct such a warehouse;

(c) that he fulfils any other condition notified by the Government in this behalf;

(d) that the applicant has paid the fee prescribed for the licence and has also furnished the prescribed security, if any, such authority may grant a licence to the applicant for the conduct of business in respect of his warehouse in accordance with the terms of the licence and the provisions of this Act and the rules.

(3) Every licence granted under this section shall be valid for the prescribed period and may, on application and payment of the prescribed fee, be renewed, from time to time, by the prescribed authority and for the prescribed period, provided the other conditions in sub-section (2) continue to be fulfilled.

(4) If the prescribed authority refuses to grant or renew a licence under this section, it shall record its reasons for such refusal in writing and communicate a copy of its order to the applicant.

#### **5. Suspension or cancellation of licences :-**

(1) The prescribed authority may suspend or cancel any licence granted or renewed under section 4--

(i) if the licensee has applied to be adjudicated, or been adjudicated, an insolvent, or

(ii) if he has parted, in whole or in part with his control over the warehouse, or

(iii) if he has ceased to conduct such warehouse, or

(iv) if he has made unreasonable charges for the services rendered by him, or

(v) if he has become incompetent to conduct such warehouse, or

(vi) if he has contravened, or failed to comply with, any of the terms of the licence or any of the provisions of this Act or the rules, or

(vii) on any other prescribed ground.

(2) Before passing an order under sub-section (1), the prescribed authority shall intimate to the licensee the grounds on which it is proposed to take action and give him a reasonable opportunity of showing cause against it.

(3) The prescribed authority may suspend the licence of a warehouseman pending the passing of a final order in respect thereof under sub-section (1).

(4) A copy of every order passed under sub-section (1) or sub-section (3) shall be communicated to the licensee.

#### **6. Return of licence :-**

On the expiry of his licence or on the receipt of an order suspending or cancelling it, the rights conferred, and the duties imposed, on a warehouseman by or under this Act, shall cease and determine and he shall return the licence to the prescribed authority:

Provided that the prescribed authority may, after such expiration, suspension or cancellation, give such reasonable time as it thinks fit to the warehouseman to enable him to wind up the business of conducting the warehouse as a licensed warehouse; and during such time, the warehouseman shall be entitled to the rights and be bound by the duties aforesaid.

### **CHAPTER 3 DUTIES OF A WAREHOUSEMAN**

#### **7. Duplicates :-**

If a licence granted to a warehouseman is lost, destroyed or damaged, the prescribed authority shall, on application and payment of the prescribed fee, issue a duplicate licence.

#### **8. Warehouseman to take reasonable care of goods :-**

Every warehouseman shall take as much care of the goods deposited with him as a man of ordinary prudence would take of his own goods under similar circumstances and conditions.

#### **9. Precautions against damage or injury to goods :-**

(1) Every warehouseman shall keep his warehouse clean and free from damp, take all necessary precautions against rats and other pests, and fulfil such other conditions as may be prescribed.

(2) No warehouseman shall accept goods for deposit which are

likely to cause damage to other goods which are or may be deposited in the warehouse.

#### **10. Preservation of identity of goods :-**

Every warehouseman shall keep the goods of one depositor separate from the goods of other depositors and from other goods of the same depositor for which a separate receipt has been issued, in such a manner as to permit at all times of the identification and delivery of the goods deposited:

Provided that where standardized and graded goods are deposited in a warehouse, then, subject to any agreement between the warehouseman and any depositor, the same variety of goods belonging to different depositors may be mingled together and each depositor shall be entitled only to his portion of the goods according to weight or quantity, as the case may be, as shown in his receipt.

#### **11. Goods deteriorating in warehouse and their disposal :-**

(1) Whenever goods deposited in a warehouse begin, or are about, to deteriorate from causes beyond the control of the warehouseman, he shall forthwith give notice of the fact by registered post to the depositor, requiring him to take delivery of the goods immediately, after surrendering the receipt duly discharged and paying all charges due to the warehouseman.

Explanation.--Losing weight or bulk by shrinkage or dryage or gaining weight or bulk by absorption of moisture shall be deemed to amount to deterioration within the meaning of this sub-section, if the loss or gain exceeds such limits, if any, as may be prescribed.

(2) If the depositor does not, within a reasonable time, comply with a notice given to him under sub-section (1), the warehouseman may cause the goods to be removed from the warehouse and sold by public auction at the cost and risk of the depositor.

(3) Any person having an interest in any goods deposited in a warehouse or in the receipt for such goods may inform the warehouseman in writing of the fact and nature of his interest and the warehouseman shall keep a record thereof; and if such person requests in writing that intimation be given to him regarding the condition of the goods and agrees to pay the charges for giving such intimation, the warehouseman shall give him intimation accordingly.

## **12. Delivery of goods :-**

(1) Every warehouseman, in the absence of reasonable excuse, shall, without unnecessary delay, deliver the goods deposited in his warehouse to the depositor on demand made by him and surrender of the receipt duly discharged and payment of all charges due to the warehouseman.

(2) Subject to any agreement between the warehouseman and the depositor, the depositor may take partial delivery of the goods deposited in a warehouse.

(3) When goods are delivered wholly or in part under sub-section (1) or sub-section (2), or when they are disposed of under section 11, sub-section (2), the warehouseman shall be liable to pay compensation to the depositor for any loss sustained by him by reason of the goods having lost weight or bulk, in excess of the prescribed limits, owing to shrinkage or dryage, or by reason of deterioration in the quality of the goods owing to their having gained weight or bulk, in excess of the prescribed limits, by the absorption of moisture.

## **13. Insurance of goods in warehouses :-**

Every warehouseman shall insure against loss or damage by fire, rain, floods, theft, riot or civil commotion, or any other prescribed event, such classes of the goods deposited in his warehouse as may be prescribed.

## **14. Discrimination prohibited :-**

No warehouseman shall, in the conduct of his business, discriminate between persons desiring to avail themselves of the facilities of his warehouse:

Provided that the warehouseman shall show such preference to co-operative societies in the State and allow them such concessional rates as the Government may from time to time direct.

## **CHAPTER 4 WAREHOUSE RECEIPTS**

### **15. Warehouseman not to deal in or lend against goods in warehouses :-**

Notwithstanding anything contained in any other law, no warehouseman other than a co-operative society shall, either on his own account or that of others, deal in, or lend money on, goods

received by him for deposit in his warehouse.

**16. Receipt to be issued :-**

For the goods deposited in his warehouse by each depositor, the warehouseman shall issue a receipt which shall contain full particulars of the goods and be in the prescribed form.

**17. Receipts for deposits in warehouses :-**

(1) The receipt issued by a warehouseman shall, unless it is otherwise specified thereon, be transferable by endorsement and shall entitle the lawful holder thereof to receive the goods specified in it on the same terms and conditions as the original depositor.

Explanation.--The provisions of this sub-section shall not apply to any receipt issued by a person who has not obtained a licence under this Act in respect of his warehouse.

(2) Any receipt issued by a person who has not obtained a licence under this Act in respect of his warehouse shall expressly state (i) that he has not obtained a licence under this Act and (ii) that the receipt is not transferable by endorsement.

**18. Duplicate receipt :-**

If a receipt is lost, destroyed or damaged, the warehouseman shall, on application by the depositor and payment by him of the prescribed fee, issue a duplicate receipt on such conditions as he may think fit to impose, being conditions included in rules prescribed for the purpose.

**CHAPTER 5 INSPECTION AND GRADING OF GOODS**

**19. Inspection :-**

The prescribed authority may, at any time during business hours, inspect or examine or cause to be inspected or examined, any licensed warehouse, its machinery and equipment, goods deposited therein, and the account books and records relating thereto, for the purpose of satisfying itself that the requirements of this Act and the rules are being complied with.

**20. Weighers, samplers and graders, to obtain licences :-**

(1) The prescribed authority may, on application made in the proscribed manner and on payment of the prescribed fee, issue



licences to persons possessing the prescribed qualifications, entitling them to act as weighers, samplers, and graders of any goods deposited or to be deposited in a licensed warehouse, and to issue certificates as to the weight, bulk, quality or grade of the goods which they have examined.

(2) Any certificate so issued shall, subject to the provisions of section 23, be binding on the warehouseman and the depositor as to the weight, bulk, quality or grade of the goods so certified.

(3) No person who is not licensed under this section shall act, or hold himself out, as a weigher, sampler or grader.

### **21. Provisions regarding such licences :-**

(1) Every licence granted to a weigher, sampler, or grader under section 20 shall be valid for the prescribed period and may, on application and payment of the prescribed fee, be renewed from time to time for the prescribed period by the prescribed authority.

(2) The prescribed authority may suspend or cancel any such licence, after communicating to the licensee the grounds on which it is proposed to take action and giving him a reasonable opportunity of showing cause against it.

(3) The holder of any such licence shall, on the expiry thereof or the receipt of an order suspending or cancelling it, return the licence to the prescribed authority.

### **22. Facilities to be given for weighing goods, etc. :-**

Every warehouseman shall provide facilities for weighing, sampling and grading any goods deposited in his warehouse.

## **CHAPTER 6 DECISION OF APPEALS, DISPUTES AND COMPLAINTS**

### **23. Decision of appeals, disputes and complaints :-**

The Government or the prescribed authority shall appoint a Board or Boards of Arbitrators for deciding--

(a) appeals against any order refusing to grant or renew a licence in respect of a warehouse or to a weigher, sampler, or grader, or suspending or cancelling any such licence;

(b) disputes arising between a warehouseman and a depositor regarding any matter, including the weight, bulk, quality or grade of the goods deposited or the compensation payable under section 12, sub-section (3);

(c) complaints made by a warehouseman or depositor against any

weigher, sampler or grader; or by a weigher, sampler or grader against any warehouseman or depositor;

(d) any appeals, disputes and complaints in such other matters as may be prescribed.

Explanation.--In this section, "depositor" includes a person who has tendered goods to a warehouseman for deposit in his warehouse.

## **CHAPTER 7 MISCELLANEOUS**

### **24. No compensation for suspension or cancellation of licence :-**

Where any licence is suspended or cancelled under this Act, the licensee shall not be entitled to any compensation therefor, nor shall he be entitled to the refund of any fee paid by him for the licence.

### **25. Contracts and agreements inconsistent with Act to be void :-**

Every contract or agreement which is inconsistent with the provisions of this Act, or the rules, shall, to the extent of such inconsistency, be void.

### **26. Penalty and procedure :-**

(1) Whoever--

(a) acts, or holds himself out, as a licensed warehouseman without having obtained a licence under this Act, or

(b) knowingly, contravenes or fails to comply with any of the provisions or requirements of this Act or the rules, shall be punishable with imprisonment for a term which may extend to one year or with fine or with both.

(2) Where a person committing an offence under sub-section (1) is a company or an association or a body of persons, whether incorporated or not, the manager, secretary, agent or other principal officer, managing the affairs of such company, association or body, shall be deemed to be guilty of such offence.

### **27. Rules :-**

(1) The Government may, by notification, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the

foregoing power, such rules may add any article to, or omit any article from, the schedule, or provide for--

- (a) all matters expressly required or allowed by this Act to be proscribed;
  - (b) the conditions to be inserted in licences to be granted to warehousemen and the form of such licences;
  - (c) the publication of the grant, suspension or cancellation of licences to warehousemen and of consolidated lists of warehousemen and licensed warehouses;
  - (d) the charges to be levied by warehousemen for their services;
  - (e) the books, accounts and records to be maintained by warehousemen;
  - (f) the conduct of public auctions for the sale of goods deteriorating or about to deteriorate in licensed warehouses and the manner in which the proceeds of such sales shall be accounted for;
  - (g) the scales of losses and gains of weight or bulk which may be sustained by goods owing to shrinkage or dryage in the one case and owing to absorption of moisture in the other;
  - (h) the disinfection of licensed warehouses and the disinfection of goods stored therein;
  - (i) the circumstances in which any security or bond furnished by a warehouseman may be forfeited, and the manner in which any sum falling due as a result of such forfeiture may be recovered;
  - (j) the efficient conduct generally of the business of warehousemen;
  - (k) the qualifications to be possessed by persons applying for the grant of licences as weighers, samplers, or graders; the conditions to be inserted in their licences; the form of the certificates to be issued by them; and the grounds for which the licences may be suspended or cancelled;
  - (l) the standard weights, measures and gradations of goods to be used in licensed warehouses;
  - (m) the procedure to be followed in proceedings before Boards of Arbitrators, and the mode of executing their decisions;
  - (n) the manner of giving notices under this Act.
- (3) The power to make rules under this section shall be subject to the condition of previous publication.

#### **SCHEDULE 1**

SCHEDULE

THE SCHEDULE.

[See section 2(3).]

Goods to which the Act applies.

1. (a) Paddy and rice;  
(b) Wheat and wheat flour;  
(c) Cholan, cumbu and ragi;  
(d) Bengal-gram, red-gram and black-gram; and pulses of those grams;  
(e) other foodgrains.
2. (a) Oil seeds, including groundnut, gingelly, castor and copra;  
(b) Coconuts.
3. Fibres including cotton kapas or lint, palm fibres, sunnhemp and Bombay hemp.
4. Senna and tea.
5. Arecanuts.
6. (a) Jaggery (sugarcane and palmyra);  
(b) Sugar.
7. Spices and condiments including pepper, cardamoms, ginger, chillies, turmeric, coriander, onions, garlic, and tamarind.
8. Potatoes.