

Cotton Bill likely to make business more regulated

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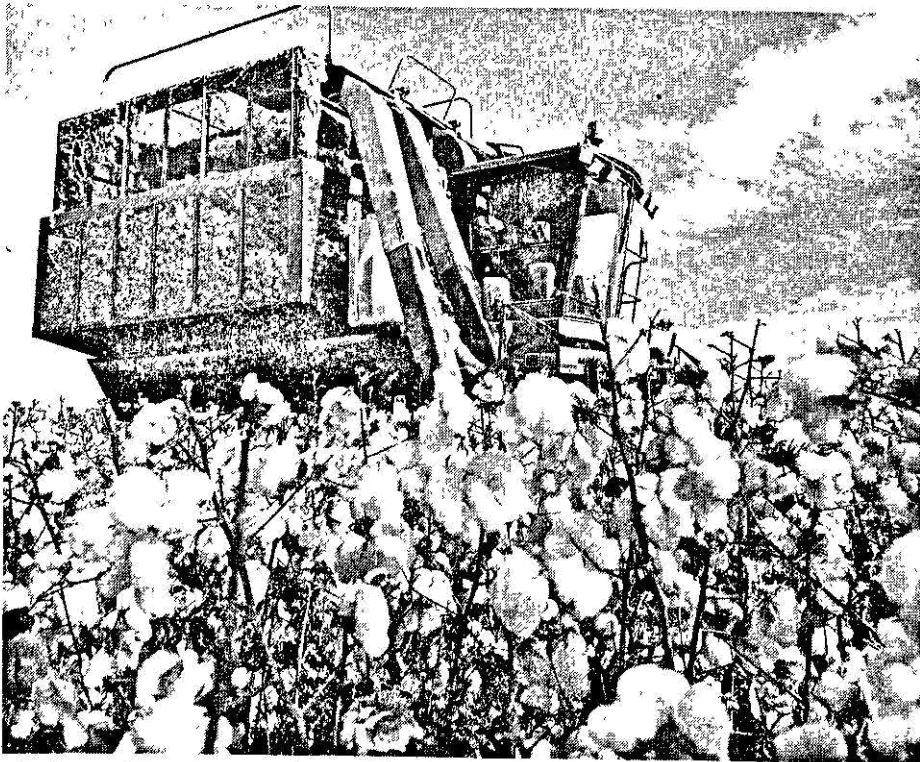
Cotton may witness a more regulated environment similar to that in 1986, when it was an essential commodity.

The Cotton Trade (Development and Regulation) Bill, 2012, proposes the Central government to have complete control, even overriding the existing state laws, over the entire process of production, processing and manufacturing by imposing monetary penalty and imprisonment for violation of any rule.

The draft regulations require every ginning and pressing processing factory, and trader and manufacturer of yarn to register themselves afresh with the textile commissioner within three months of the enactment of the Bill and get permanent bales identification system installed at their premises.

This is because all processing and ginning factories will be given fresh 'press mark numbers', while the old ones will become invalid. Officials said no cotton bale shall be pressed by any pressing factory until a press mark number is allotted by the textile commissioner.

Removal of unmarked bale from the press house will attract a penalty of ₹5,000 per bale per day. They said these measures had been taken to regulate the assessment, pro-



duction and consumption of raw cotton. There is no statutory framework for collecting statistical data, so it has become difficult for the Cotton Advisory Board to draw up balance sheet, often reflected in the variations between the official and trade estimates of cotton production.

Sources in the industry said existing cotton registrations would become invalid. At present, there is no law that makes it compulsory for an entity to register itself with the textile

commissioner. The commissioner's rules and regulations are voluntary in nature.

The owner or occupier of a ginning factory or ginning and pressing factory shall maintain a ginning register, disclosing name and date of entities for whom cotton has been ginned, including the quantity of lint produced during each season. Failure to do this may attract a penalty of ₹50,000.

Apart from ginning factories, independent pressing factories, composite ginning & pressing

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factories, and traders are required to file monthly production returns. Filing of returns and maintenance of registers are voluntary at present.