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ORDINANCE NO. LXXXI OF 1994

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ORDINANCE

to establish Pakistan Cotton Standards Institute

WHEREAS it is expedient to establish the Pakistan Cotton Standards Institute for standardisation and enforcing quality control of raw cotton and to provide for matters connected therewith or incidental thereto;

AND WHEREAS the National Assembly is not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make and promulgate the following Ordinance, namely:—

1. **Short title, extent and commencement.**—(1) This Ordinance may be called the Cotton Standardization Ordinance, 1994.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on such date as the Federal Government may, by notification in the official Gazette, appoint.

2. **Definitions.**—In this Ordinance unless there is anything repugnant in the subject or context.—

- (a) "bale" means a pressed package of cotton of prescribed size and density;
- (b) "Board" means the Board of Directors of the Institute constituted under section 5;
- (c) "certified ginning factory" means a ginning factory granted a standardisation certificate under section 13;
- (d) "Chairman" means Chairman of the Board;
- (e) "Classer" means a person trained in cotton classing and having obtained a certificate issued by the Institute;
- (f) "cotton" means the post-harvest seed cotton and lint cotton;
- (g) "cotton standard" means classification and grading of seed cotton and lint cotton;

- (h) "ginner" means any natural or legal person responsible for managing ginning factory;
- (i) "grade" means a grade of cotton established under this Ordinance;
- (j) "Institute" means the Pakistan Cotton Standards Institute constituted under this Ordinance;
- (k) "irregular cotton" means below grade, mixed grades or staple lengths, discoloured cotton, cotton-waste and salvaged cotton;
- (l) "member" means member of the Board;
- (m) "prescribed" means prescribed by rules made under this Ordinance;
- (n) "season" means the cotton year as defined in the Cotton Control Ordinance, 1966 (W. P. Ordinance XX of 1966);
- (o) "seed cotton box" means a box prepared by the Institute and containing a grade of seed cotton;
- (p) "standard box" means a box prepared by the Institute and containing a standard for cotton lint; and
- (q) "Technical Officer" means a person qualified in cotton classification selected by the Institute as Technical Officer.

3. **Establishment of the Institute.**—(1) There shall be established an institute to be known as the Pakistan Cotton Standards Institute which shall be a body corporate having perpetual succession and common seal and may acquire, hold and dispose of its property:

Provided that the immovable property of the Institute shall be disposed of after approval of the Federal Government.

(2) The Head Office of the Institute shall be at Karachi and the Board may, with the approval of the Federal Government, set up offices at such other places as and when required.

(3) The Institute may establish such technical and administrative departments as it may consider necessary for carrying out the purposes of this Ordinance.

4. **Management.**—(1) The general direction and administration of the Institute shall vest in the Board which may exercise all powers and do all acts which may be exercised or done by the Institute under this Ordinance.

(2) The Board shall, in discharge of its functions, act on sound principles of standardisation, testing and quality control; and shall be guided on matters of policy by such directions as the Federal Government may give from time to time.

(3) If any question arises as to whether any matter is a matter of policy or not, the decision of the Federal Government shall be final.

5. **Constitution of the Board.**—(1) The Board shall consist of the following, namely:—

- (i) The Chairman.
- (ii) one representative each of the Ministry of Food, Agriculture and Livestock, Ministry of Commerce and Ministry of Finance, Government of Pakistan. *Member.*
- (iii) one representative each of the Governments of the Punjab and Sindh. *Member.*
- (iv) one representative each of the Cotton Export Corporation, Karachi Cotton Association, All Pakistan Textile Mills Association, Pakistan Cotton Ginners Association and Textile Commissioner's Organization. *Member.*
- (v) one member each to be appointed by the Provincial Chambers of Agriculture Punjab and Sindh to represent cotton growers, and *Member.*
- (vi) Director, Pakistan Cotton Standards Institute. *Member/Secretary.*

(2) The Chairman shall be appointed by the Federal Government and hold office for a period of three years and shall be eligible for re-appointment.

(3) The Federal Government shall, from amongst the members, appoint a member to be Vice-Chairman of the Board who shall hold office for a period of three years and shall be eligible for re-appointment.

(4) The appointment of the Chairman, Vice-Chairman and Members of the Board shall be notified in the official Gazette.

6. **Meeting.**—(1) The meetings of the Board shall be convened by the Chairman on such date and at such time and place as may be specified by him:

Provided that no more than a period of six months shall intervene between two meetings of the Board and at least two meetings of the Board shall be held each year.

(2) On a written requisition of at least three members, the Chairman shall, within a period of fifteen days from receipt of such requisition, summon a meeting of the Board.

(3) Four members of the Board shall constitute a quorum of a meeting of the Board.

(4) All decisions of the Board shall be taken by majority vote and, in the event of quality of votes, the Chairman shall have the casting vote.

(5) The Board may make rules for conduct of its business.

7. **Power of Board to associate other persons, etc.**—The Board may, in such manner and on such terms as it may deem fit, seek the advice or assistance of any person in carrying out the purposes of this Ordinance and invite any person to take part in discussions during any of its meeting without the right to vote.

8. **Executive Committee.**—(1) There shall be an Executive Committee which shall consist of the following members, namely:—

- (a) the Chairman;
- (b) three members of the Board to be nominated by the Board; and
- (c) Director, Pakistan Cotton Standards Institute.

(2) Subject to the directions of the Board, the Executive Committee shall be the principal administrative body of the Institute and shall—

- (a) be responsible for the management and administration of all affairs of the Institute and control of its funds within the overall policy and guidelines of the Board,
- (b) undertake regular review and evaluation of the performance of training, research, development and implementation projects and programmes of the Institute and submit a six monthly report to the Board,
- (c) scrutinise and submit the annual development and non-development budget of the Institute for approval of the Board; and
- (d) prepare draft rules of the Board.

9. **Appointment of officers and staff.**—Subject to such terms and conditions as may be laid down by the Federal Government, Board may appoint such officers and staff as it considers necessary for the efficient performance of the functions of the Institute.

10. **Audit of Accounts.**—The annual accounts of the Institute shall be audited by the Auditor General of Pakistan or a representative of the Federal Government specially appointed for this purpose.

11. **Indemnification.**—Every officer and member of staff, adviser and consultant of the Institute may be indemnified by the Board against all losses and expenses sustained or incurred by him in good faith in the discharge of the duties of his office.

12. **Functions of the Institute.**—The functions of the Institute shall be to introduce and implement standardization and quality control of cotton, and to—

- (a) establish cotton standards and seed cotton grades for classification:

- (b) prepare, approve, and sanction standards boxes and seed cotton boxes;
- (c) apply quality control for export of cotton and its handling procedures in certified ginning factories;
- (d) conduct classification of lint cotton and to issue lint cotton quality cards for each lot;
- (e) conduct training of persons in cotton grading and cotton classing of ginners, spinners and exporters of public and private sectors Institutions;
- (f) settle disputes of classification and grading amongst sellers and buyers of seed cotton and cotton lint;
- (g) apply cotton fibre testing technologically using internationally accepted instrumentation, to review and introduce improved methods of testing;
- (h) recommend minimum premiums and discounts for varying qualities of cotton;
- (i) lay down the policy and programme and its implementation for training in cotton classification, arbitrations and appeals, and cotton fibre testing;
- (j) issue post-graduate diplomas to successful trainees in cotton classification, arbitration and appeals, and cotton fibre testing;
- (k) provide for programmes of research, information and application of technology for cotton standardization; and
- (l) select technical officers and other officers of the Institute.

13. **Certified Ginning Factory.**—(1) Every ginning factory having production in respect of five thousand bales per season shall be deemed to be a certified ginning factory and shall follow the standardization procedure and other technical requirements under this Ordinance and the rules to be made thereunder.

(2) Two months before the beginning of the ginning season, when it is satisfied that the standardization procedures and technical requirements shall be fulfilled by the ginning factory, the Institute shall issue a standardization certificate to such ginning factory under intimation to the concerned Provincial Government.

14. **Cotton Mixing and Ginning of Irregular Cotton.**—Unless otherwise directed by the Institute under this Ordinance:

- (a) no ginner shall mix cotton of different grades or staple lengths or irregular cotton with any graded cotton; and
- (b) any ginner who intends to gin irregular cotton shall inform the Institute of his intention at least forty eight hours before the ginning of irregular cotton.

15. **Marking of Bales.**—Notwithstanding the marking requirements under the Cotton Control Ordinance 1966 (W. P. Ord. XX of 1966), any bale produced in a certified ginning factory shall be marked in such manner as may be prescribed.

16. **Placement of Classers.**—(1) The Institute shall assign a Classer to one or more certified ginning factories for supervision of the standardization of cotton.

(2) The assignment of Classer under sub-section (1) shall not prevent the Institute from exercising itself or any Technical Officer appointed by it from exercising the duties of a Classer.

17. **Duties of a Classer.**—(1) The Classer shall supervise the implementation of standardization procedures and technical requirements by the certified ginning factory or factories with which his assignment has been made.

(2) In order to carry out his duties under sub-section (1), the Classer shall be empowered to visit the assigned certified ginning factory and he may examine any cotton being ginned and take samples thereof, except marked bales, for classification.

(3) If a Classer has reasons to believe that the standardization procedures and technical requirements are not complied with by a certified ginning factory, the Classer shall inform the ginner by written memorandum with report to the Institute.

18. **Quality Control Committee.**—On receipt of the report referred to in sub-section (3) of section 17, the Institute may, constitute a Quality Control committee consisting of representative of the ginners, Technical Officer and third party experts as may be prescribed and direct the Committee in writing for verification of the report.

19. **Duties of the Quality control Committee.**—The members of the Quality Control Committee appointed under section (18) may visit the concerned certified ginning factory and may examine any cotton and take samples thereof for verification.

20. **Penalties.**—(1) Without prejudice to any penalty that may be imposed under any law for the time being in force, any person who contravenes the provisions of section 14 shall be punishable with fine which may extend to fifty thousand rupees.

(2) Where a person is penalised for any offence under this Ordinance or any rules made thereunder, the Court may, in addition to such penalty, order for confiscation and sale of any mixed cotton in respect of which the offence has been committed:

Provided that 25% of the sale proceeds shall be vest in the Fund.

21. **Cognizance of offence.**—No court inferior to that of a Magistrate of the first class shall try an offence punishable under this Ordinance and no court shall take cognizance of an offence punishable under this Ordinance except upon a complaint made in writing by the Institute or by a person authorised by the Board in this behalf.

22. **Standardization fee.**—The Institute may charge standardization fee as charges of standardization of the cotton at such rate as the Federal Government may, from time to time, fix by a notification in the official Gazette.

23. **Pakistan Cotton Standards Institute Fund.**—(1) A fund, to be known as the "Pakistan Cotton Standards Institute Fund" shall be established to meet expenses in connection with the functions of the Institute under this Ordinance including the payment of salaries and other remunerations of the officers and staff of the Institute.

(2) The fund shall consist of—

- (a) grants made by the Federal Government;
- (b) loans obtained from the Federal Government;
- (c) loans obtained from, and grants made by the foreign agencies with the prior sanction of the Federal Government;
- (d) fees charged under section 22; and
- (e) all other funds, fines and sums including donations received by the Institute.

(3) The Fund shall be kept in the Personal Ledger Account of the Institute with the National Bank of Pakistan or with such other banks as may be approved by the Federal Government.

24. **Power of the Institute to borrow money.**—For borrowing money, the Institute shall be deemed to be a local authority under the Local Authorities Loans Act, 1914 (IX of 1914).

25. **Exemption from tax.**—Notwithstanding anything contained in the Income Tax Ordinance, 1979 (XXXI of 1979), all contributions and donations to the Fund shall be exempt from the imposition of income tax.

26. **Budget.**—The Institute shall prepare its annual budget estimates for every ensuing year, and submit it for approval to the Federal Government.

27. **Delegation.**—(1) The Federal Government may, by notification in the Official Gazette, and subject to such conditions as may be specified in the notification, direct that all or any of its powers under this Ordinance or rules made thereunder shall be exercisable by the Provincial Government or any authority subordinate to it.

(2) The Board may delegate all or any of its powers under this Ordinance to the Chairman, member or any officer of the Institute.

28. **Power to make rules.**—(1) The Board may, with the previous approval of the Federal Government and by a notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

(2) In particular and without prejudice to the generality of the foregoing powers, these rules may provide for all or any of the following matters, namely:—

- (a) standardisation of cotton and for the application of cotton standards;
- (b) Seed cotton grading and its application;
- (c) lint cotton classification and its application;
- (d) quality control of cotton for export;
- (e) selection and control of certified ginning factories;
- (f) fixing the allowed variations between grades and staple lengths within the same lot;
- (g) controlling the mixing of grades, staple lengths, irregular cotton, salvaged cotton, delinted cotton, and marking of bales according to their contents;
- (h) empowering the Institute to deliver written authorisation to a ginner to mix various grades of cotton;
- (i) specification of technical requirements which may be complied with by a certified ginning factory;
- (j) regulating the composition and the functions of technical and administrative departments, and other offices of the Institute;
- (k) levying of fees and charges in respect of grading, classing, quality control, fibre testing and other services provided by the Institute;
- (l) settlement of disputes between buyer and seller of cotton; and
- (m) laying down the qualifications and duties of Technical Officers and other officers of the Institute.

FAROOQ AHMAD KHAN LEGHARI,
President.

MR. JUSTICE
SH. RIAZ AHMAD,
Secretary.