

Bill Summary

The Warehousing (Development and Regulation) Bill, 2005

- The Warehousing (Development and Regulation) Bill, 2005 was introduced in the Lok Sabha on December 7, 2005. The Bill was referred to the Standing Committee on Food, Consumer Affairs and Public Distribution (Chairperson: Devendra Prasad Yadav) on December 19, 2005.
- The Bill seeks to (a) provide for registration of warehouses and accreditation agencies, (b) establish the Warehousing Development and Regulatory Authority (WDRA), (c) lay down the system of negotiable warehouse receipts etc.
- Warehousing business is the business of maintaining warehouses for storage of goods and issuing negotiable receipts for the goods stored.
- The WDRA comprising a Chairperson and two members shall be appointed by the central government and may be removed from office only under specified circumstances.
- Every person engaged in the warehousing business shall obtain a registration certificate from the WDRA. The WDRA shall issue the certificate only if the applicant has adequate facilities and the applicant satisfies the financial, managerial and other eligibility criteria.
- The WDRA may authorise accreditation agencies to issue accreditation certificates to warehouses so as to facilitate the process of issuing registration certificates by the WDRA.
- Warehouses registered under this Act may issue negotiable or non negotiable warehouse receipts. Goods covered under a negotiable warehouse receipt may be transferred by an endorsement whereby the endorsee gains title of the goods and takes delivery.
- A warehouse receipt shall be a document of title to goods if it contains particulars such as warehouse registration number and address, description and market value of goods, name of insurance company, name and address of depositor, whether the receipt is negotiable or not, amount for which the warehouseman claims lien etc.
- The Bill stipulates the liability of the warehouseman for damage caused to goods (a) despite all care being taken, (b) in case of negligence of warehouseman, and (c) in circumstances of war or act of public enemies.
- The warehouseman shall deliver goods to the holder of the receipt on demand if the holder has (a) paid the storage and maintenance charges, (b) surrendered the receipt in case of non negotiable receipts and receipt with endorsements in case of negotiable receipt, and (c) acknowledged the delivery of goods in writing.
- If the goods are perishable or hazardous, the warehouseman may serve reasonable notice to the holder of the receipt or the depositor to remove the goods from the warehouse and meet his storage and maintenance costs. If the person fails to do so, the warehouseman may sell or dispose such goods, keep the amount to meet his costs and hold the balance for the holder of the receipt.
- Every warehouseman has to maintain records and accounts as specified by the WDRA and these records must be made available to the WDRA for inspection when required.
- The WDRA shall also regulate terms of conditions offered to warehouses, appoint arbitrators for adjudicating disputes between warehouses and receipt holders, specify qualifications for warehousemen, develop an electronic system of holding and transferring fungible goods deposited with warehouses etc.
- The WDRA may constitute a Warehousing Advisory Committee of at most fifteen members representing industry, consumers, research bodies, agriculture and warehouses, which would make recommendations on the implementation of the Act and the making of regulations.
- The Bill prescribes penalties for various offences such as issuing warehousing receipts without taking actual physical delivery of goods, issuing duplicate receipts without following procedures, failure to deliver goods on surrender of receipt and making of payment by depositor.
- The central government may issue directions to the WRDA on policy matters. The central government can supersede the WDRA if (a) the WDRA is unable to discharge its functions, (b) the WDRA defaults in complying with the directions of the central government or (c) it is in public interest to do so.
- The central government shall appoint an Appellate Authority which will hear appeals against the orders of WDRA.

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