

30

STANDING COMMITTEE  
ON AGRICULTURE  
(1995-96)

TENTH LOK SABHA

**MINISTRY OF FOOD  
PROCESSING INDUSTRIES**

THE RICE MILLING INDUSTRY (REGULATION)

REPEAL BILL, 1995

**THIRTIETH REPORT**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

December, 1995/Agrahayana, 1917 (Saka)

RC  
328.3657R  
X15.30;1

THIRTIETH REPORT  
STANDING COMMITTEE ON  
AGRICULTURE  
(1995-96)

(TENTH LOK SABHA)

MINISTRY OF FOOD  
PROCESSING INDUSTRIES

THE RICE-MILLING INDUSTRY (REGULATION)  
REPEAL BILL, 1995

19 DEC 1995

Presented to Lok Sabha on 14 December, 1995  
Laid in Rajya Sabha on 14 December, 1995



LOK SABHA SECRETARIAT  
NEW DELHI

December, 1995/Agrahayana, 1917 (Saka)

C.O. A. No. 30

Price : Rs. 10.00

PARLIAMENT LIBRARY  
Contra: Govt. Publications  
Acc. No. DC 93516 (L)  
Date... 6/2/96

LC  
328-3657R  
NS. 30;1

© 1995 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and Printed by M/s Jainco Art India, 1/21 Sarva Priya Vihar, New Delhi-110016.

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(v)
Report .....	1

### ANNEXURE

I. The Rice-Milling Industry (Regulation) Repeal Bill, 1995 .....	7
II. The Rice-Milling Industry (Regulation) Act, 1958 .....	8
III. Number of Rice Mills as on 01-01-1994 .....	21
IV. Growth of Modern Rice Mills .....	23

COMPOSITION OF STANDING COMMITTEE ON AGRICULTURE  
(1995-96)

Shri Nitish Kumar — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri D. Pandian
3. Shri Birbal
4. Shri Nathuram Mirdha
5. Shri G. Ganga Reddy
6. Shri Ankushrao Raosaheb Tope
7. Shri Sarat Pattanayak
8. Shri Govindrao Nikam
9. Kumari Pushpa Devi Singh
10. Shri Channaiah Odeyar
11. Shri Tara Singh
12. Shri Anantrao Deshmukh
13. Shri Uttamrao Deorao Patil
14. Shri V. V. Nawale
15. Shri Rajvir Singh
16. Kumari Uma Bharti
17. Shri Rudrasen Chaudhary
18. Shri Ganga Ram Koli
19. Dr. Gunwant Rambhau Sarode
20. Dr. Parshuram Gangwar
21. Shri Rajendra Kumar Sharma
22. Smt. Krishnendra Kaur 'Deepa'
23. Shri Ram Tahal Chaudhary
24. Shri Zainal Abedin
25. Shri B.N. Reddy
26. Shri Kamla Mishra Madhukar

## REPORT

### THE RICE-MILLING INDUSTRY (REGULATION) REPEAL BILL, 1995

The Rice-Milling Industry (Regulation) Repeal Bill, 1995 (Bill No. 38 of 1995) has been introduced in the Lok Sabha on 23rd May, 1995. Honourable Speaker, Lok Sabha has referred the Bill to the Standing Committee on Agriculture on 24th May, 1995 to make a report on the Bill under Rule 331E (b) of the Rules of Procedure and Conduct of Business in Lok Sabha. A copy of the Bill has been reproduced at Annexure I.

2. The Rice-Milling Industry (Regulation) Repeal Bill, 1995 hereinafter to be referred to as the RMI (R) Repeal Bill in the Report has only the following two clauses :

- |   |                           |
|---|---------------------------|
| 1. This Act may be called the Rice- Milling Industry (Regulation) Repeal Act, 1995. | Short Title               |
| 2. The Rice-Milling Industry (Regulation) Act, 1958 is hereby repealed.             | Repeal of Act 21 of 1958. |

3. The RMI (R) Bill seeks to repeal the Rice-Milling Industry (Regulation) Act, 1958 (Act 21 of 1958). A copy of the Act (hereinafter to be referred to as RMI Act) is at Annexure II.

4. It has been stated in the Statement of Objects and Reasons attached to the RMI (R) Bill that the Rice-Milling Industry (Regulation) Act, 1958 was enacted to regulate the establishment of rice mills in the country for ensuring adequate supply of rice and to ensure that rice mills, both then existing and new are equipped with modern equipment and use modern technology. Government have been monitoring the progress of setting up and modernisation of rice mills in the country and it appears that the broad objective of enacting the Rice-Milling Industry (Regulation) Act, 1958 have been achieved, as the number of modern rice mills has gone up from practically nil in 1970 to 33,557 as on the 1st January, 1994. It is estimated that nearly sixty-five per cent of the total paddy produced in the country is processed in modern rice mills. Besides most of the commercial rice millers in the country are now aware of the advantages of setting up

of modern rice mills and of modernising their old units which had been yielding high percentage of brokens and inferior quality by-products. Considering the above mentioned facts and in the context of the liberalised investment environment of the country there is no necessity for continuing with this Act any further. Hence it has become necessary to repeal the Rice-Milling Industry (Regulation) Act, 1958 and the Bill seeks to achieve the aforesaid object.

5. In the background note furnished to the Committee the Ministry of Food processing Industries have explained that the Government enacted the rice-Milling Industry (Regulation ) Act, 1958 and framed the Rice-Milling Industry (Regulation & Licensing) Rules, 1958 there under to give effect to the objectives of the Act. The main purpose of the above Act and rules was to enforce systematic and organised growth of Rice-Milling Industry in the country as also to modernise rice mills which used out-moded technology resulting in low yield of rice as compare to the modernised mills. The rice mills using out-moded technology were yielding low percentage of rice, thereby decreasing the overall availability of rice in the country. Besides, this Act was meant to check unauthorised milling of rice which was being done in the name of polishing of rice.

6. In order to study the efficacy of modern rice mills, the Government of India had constituted a committee to study and evaluate the overall performance of seven modern rice mills set up in 1964. The purpose was to compare the relative performance of these mills *vis-a-vis* the traditional sheller and huller mills in regard to yield and quality of rice in the various regions. The team carried out a programme of evaluation studies from 1966 for a couple of years. The terms of reference of this committee were to find out the extent of increase in the yield of total and head rice by modern mills as compared with the out-turn from the existing sheller/huller mills. The mills were to be used just as they were being operate without any modifications, improvement or overhauling. Comparison of one modern mill with another was not included in the purview of this study.

7. The following conclusions were drawn from the study:—

- (i) Modern rice mills gave a significant increase in the total out-turn over the sheller type and huller type units while milling raw or parboiled paddy.
- (ii) Similarly, there was an overall increase in the yield of head rice in modern rice mills as compared to Sheller/huller mills in case of raw/parboiled paddy.

- (iii) Apart from giving significantly higher out-turn of total edible rice and head rice, the modern mills yielded rice of superior quality with less brokens and negligible incidence of foreign matter.

8. Based on the conclusions of the study mentioned above, the Government of India decided to amend the Rice Milling Industry (Regulation) Act to regulate the establishment of rice mills in the country for ensuring adequate supply of rice and also to ensure that rice mills, both existing and new, are equipped with modern equipment and used modern technology. The act extends at present to the whole of India, including Jammu & Kashmir.

9. After the enactment of the above Act, the Government has been monitoring the progress of setting up/modernisation of rice mills in the country and the latest figures relating to various categories of mills in the country are annexed at Annexure III. Most of the objectives for enacting the RMI Act have been achieved as may be seen from the growth of modern rice mills and the use of rice bran (a by-product of rice milling) for oil extraction (Annexure IV). It is estimated that nearly 65 per cent of the total paddy produced in the country is processed in modern rice mills. Besides, most of the commercial rice millers in the country are now aware of the advantage of setting up of modern rice mills and modernising their inefficient units, which yield high percentage of brokens and inferior quality of by-product unfit for any economical use.

10. Under the RMI Act, the rice millers are required to submit monthly return of stocks production, deliveries and balance of paddy/rice to the State Government Civil Supplies Deptt., entrusted with the task of collecting the levy rice from these mills, which is required by the Government for the Central pool for PDS. The present requirement of rice for the Central Pool for PDS is estimated to be 10 million tonnes. In the event of RMI Act being repealed, no difficulty is foreseen in collection/procurement of levy from the rice millers in the country, as this is currently being done under the Essential Commodities Act, 1955.

11. The broad objectives for enacting the rice Milling Industry (Regulation) Act, 1958 and Rules 1959 have been achieved and there is no further necessity for continuing with this Act.

12. When enquired as to whether the repeal of the Act through this Bill would affect the hand-pounding rice industry, the Ministry of Food processing Industries has stated in a written note that as per the information available, a very small number of persons are currently



engaged in hand-pounding industry. No data regarding quantum of rice produced by them is available. Due to progress of rural electrification in the country and due to other reasons, hand-pounding industry has been on the decline. Therefore, with the repeal of the RMI Act, this industry is not likely to be affected. In view of the fact that the hand-pounding industry is already on the way out, no steps are considered necessary to protect this industry. As regards nutritional value of hand-pounded rice, it may be mentioned here that rice mills under the Act are permitted to polish a maximum of 5 per cent thereby retaining the nutritional value of rice. In addition, it may be mentioned here that hand-pounding results in very high percentage of brokens which is not desirable with respect to quality and marketing etc.

13. The Committee took oral evidence of the representatives of the Ministry of Food Processing Industries on 17th November, 1995 in connection with the examination of this Bill. It was clarified during evidence that with the repeal of the RMI Act, the restriction on the limit on the extent of polishing of rice would also cease to exist and this would facilitate export of highly polished rice abroad.

14. The Committee pointed out that the RMI Act was amended in 1968 to provide for giving preference for the public sector/cooperative sector in the establishment of new rice mills and desired to know about the arrangements proposed to be made for assistance to the cooperative sector and public sector. The Ministry of Food Processing Industries has clarified that it is estimated that the mills under cooperative/public sector produce around 1-2 per cent of the total rice production of the country. It was further explained that the granting permit under RMI Act (whether for the establishment of a new rice mill or for recommencing rice-milling operations in a defunct rice mill) preference was to be given over every other applicant, to:—

- (i) A Government company or a corporation owned or controlled by the Government.
- (ii) A farmers' co-operative society, not being a Government company or a corporation owned or controlled by the Government.

In view of the adequate rice-milling capacity available in the country, no special assistance is considered necessary for setting up mills in the cooperative sector and the public sector. Benefits being provided by the National Cooperative Development Corporation for setting up of mills in the cooperative sector will, however, continue.

15. The Committee desired to know as to how the Government would ensure that rice mills did not form a cartel to create conditions affecting the supply position and price-line after the repeal of this RMI Act. In response the Ministry of Food Processing Industries have stated in a written note that in view of the provisions available in the Essential Commodities Act, it shall be difficult for rice millers to form a cartel with a view to create conditions affecting the supply position and the price line. It is further mentioned that levy rice for the Central Pool is being collected by the Government from the millers through the levy orders issued under the Essential Commodities Act. It may be mentioned here that due to adequate availability of rice in the country for the last few years, no instance of stoppage of rice milling operations with the intention of affecting supply position has come to the notice of the Government. In view of free competition and rice-mills scattered all over the country, monopolistic situation in rice-milling industry is unlikely and, therefore, no steps are considered necessary at this stage.

16. When asked whether any representations had been received by the Government from the rice-millers in the private/public/cooperative sector or from the hand-pounding industry about the proposed repeal of the RMI Act, the Ministry of Food Processing Industries have stated that no representations have been received from any of them.

17. During evidence the Committee desired to know as to whether there was external pressure on the Government for the repeal of the RMI Act. The representatives of the Ministry of Food Processing Industries informed the Committee that there was absolutely no external pressure on the Government for the repeal of this Act and actually the Government decided to repeal this Act after an exercise conducted to review all the laws which came under the Ministry to find out if they had become obsolete or required consolidation/amendments.

18. In reply to a question, the Committee have been informed that the total demand for rice in 1994-95 was estimated at around 76 million tonnes against the estimated supply of 80 million tonnes. It is estimated that about 65% of the demand for rice is met by the modern rice mills. Around 98-99 per cent of the total rice in the country is produced by the private sector. The total milling capacity required by the year 2000 AD is estimated around 120 million tonnes and this is already in existence.

**19. The Committee note that the Government have introduced the Rice-Milling Industry (Regulation) Repeal Bill, 1995 with a view to repeal the Rice-Milling Industry (Regulation) Act, 1958 (RMI Act). The Committee note that the Rice-Milling Industry (Regulation) Act,**

1958 was originally enacted to regulate the establishment of rice mills for ensuring adequate supply of rice and also for ensuring the modernisation of all rice-mills. The Government have informed the Committee that the number of modern rice mills have increased manifold and no compulsion through legislation is required any longer to ensure modernisation, as the commercial rice-millers are now aware of the advantages of utilising the modern technology for achieving quality out-turn. Besides, the quantity of rice available for supply at present is much above the demand in the country. The Committee also note that the RMI Act enacted in 1958 was to provide reasonable facilities for the development of hand-pounding industry which provided employment to rural population. The Committee have been informed that the hand-pounding industry has now given way to modern rice mills due to rural electrification and it is actually on the way out and its presence in the country is negligible. The Committee have also been informed that the RMI Act was amended in 1968 to check malpractices as there was possibility of stopping rice-milling operations for a considerable period thereby affecting the supply position. However even after the repeal of the RMI Act, it shall be difficult for the rice-millers to form a cartel to create conditions affecting the supply position in view of the provisions available in the Essential Commodities Act. In the light of the foregoing submissions made before the Committee by the Government, the Committee recommend to the Houses of Parliament that they may agree to the repeal of the Rice-Milling Industry (Regulation) Act, 1958 by passing the Rice-Milling Industry (Regulation) Repeal Bill, 1995 as introduced in Lok Sabha. The Committee also recommend that the government should ensure that the hand-pounding industry is not subjected to any regulation and it should also be kept out of the purview of the Essential Commodities Act.

NEW DELHI;  
 8 December, 1995  
 17 Agrahayana, 1917 (Saka)

NITISH KUMAR,  
 Chairman,  
 Standing Committee on Agriculture.

# ANNEXURE I

(Vide Para 1 the Report)

AS INTRODUCED IN LOK SABHA ON  
23 MAY 1995

BILL No. 38 OF 1995

## THE RICE-MILLING INDUSTRY (REGULATION) REPEAL BILL, 1995

A

BILL

*to repeal the Rice-Milling Industry (Regulation) Act, 1958.*

BE it enacted by Parliament in the Forty-sixth Year of the Republic of India as follows:—

1. This Act may be called the Rice-Milling Industry (Regulation) Repeal Act, 1995.

2. The Rice-Milling Industry (Regulation) Act, 1958 is hereby repealed.

Short  
title.

Repeal  
of Act  
21 of  
1958.

## ANNEXURE II

(Vide Para 3 of the Report)

### THE RICE-MILLING INDUSTRY (REGULATION) ACT, 1958 No 21 of 1958

(18th May, 1958)

An Act to regulate the rice-milling industry in the interests of the general public.

BE it enacted by Parliament in the Ninth Year of the Republic of India as follows:—

1. *Short title, Extent and Commencement.*—(1) This Act may be called the Rice -Milling Industry (Regulation) Act, 1958.

Act No.  
47 of 1972

(2) It extends to the whole of India.

(3) \*It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Act No. 47  
of 1972

Provided that it shall come into force in the State of Jammu and Kashmir on the date of commencement of the Rice-Milling Industry (Regulation) Amendment Act, 1972.

2. *Declaration as to expediency of control by the Union.* It is hereby declared that it is expedient in the public interest that the union should take under its control the Rice-Milling Industry.

Act No. 47  
of 1972

2A. *Rules of construction in relation to application of Act to Jammu and Kashmir.* (1) Any reference in this Act to a law which is not in force in the State of Jammu and Kashmir shall, in relation to that State, be construed as a reference to the Corresponding law, if any, in force in that State.

(2) Any reference in any provision of this Act (except section 3A) to the commencement of this Act or the commencement of the Rice-Milling Industry (Regulation) Amendment Act, 1968, shall in relation to the State of Jammu and Kashmir, be construed as a reference to the commencement of the Rice Milling Industry (Regulation) Amendment Act, 1972.

---

\* The Act came into force w.e.f., 22.4.59 vide G.S.R. 511.

3. Section 3A shall have effect in relation to the State of Jammu and Kashmir subject to the omission of the portion beginning with the words "subject to the modification" and ending with the words, brackets and figures the Rice-Milling Industry (Regulation) Amendment Act, 1968.

3. *Definition.* In this Act, unless the context otherwise requires,-

(a) "defunct rice mill" means—

- (i) a rice mill in existence at the commencement of this Act but in which rice-milling operations have not been carried on for a continuous period of one year prior to such commencement; and
- (ii) a rice mill (whether established before or after such commencement) in which rice-milling operations are not carried on for a continuous period of one year at any time after the commencement of the rice-milling Industry (Regulation) Amendment Act, 1968.

(b) "existing rice mill" means a rice mill carrying on rice-milling operations at the commencement of this Act, and includes a rice mill in existence at such commencement which is not carrying on rice-milling operations but in which rice-milling operations have been carried on at any time within a period of one year prior to such commencement;

Provided that if in any such rice mill rice-milling operations are not carried on for a continuous period of one year at any time after the commencement of the rice-milling Industry (Regulation) Amendment Act, 1968, then, such mill shall, on the expiry of the said period of one year, cease to be an existing rice mill and be deemed to be a defunct rice mill.

(c) "licensing officer" means an officer appointed as such under section 4;

(d) "milling-rice", with its grammatical variations, means—

- (i) recovering rice or any product there of from paddy;
- (ii) Polishing rice,

With the aid of power;

(e) "new rice mill" means a rice mill other than an existing rice mill or a defunct rice mill;

- (f) "notified order" means an order notified in the official Gazette;
- (g) "owner", in relation to a rice mill, means the person who, or the authority which, has the ultimate control over the affairs or the rice mill, and where the said affairs are entrusted to a manager, managing director or managing agent such manager, managing director or managing agent shall be deemed to be the owner of the rice mill;
- (gg) "polishing" in relation to rice means the removal of bran from the kernel of rice;
- (h) "prescribed" means prescribed by rules made under this Act;
- (i) "rice mill" means the plant and a machinery with which, and the premises, including the precincts there of, in which or in any part of which, rice-milling operation is carried on.

Act No.  
29 of  
1968

Act No.  
29 of  
1968

3A. *Application of the Act to rice-hullers.* The provisions of this Act shall apply to rice-hullers attached to, or maintained with, any flour, oil, dal or other mill, or pumping set as they apply to rice mills subject to the modification that any reference to the commencement of this Act in those provisions shall in their application to such rice-hullers, be construed as a reference to the commencement of the Rice-Milling Industry (Regulation) Amendment Act, 1968.

4. *Appointment of licensing officers.* The Central Government may, by notified order:—

- (a) appoint such persons, being gazetted officers of Government as it thinks fit to be licensing officers for the purposes of this Act; and
- (b) define the limits within which a licensing officer shall exercise the powers conferred on licensing officers by or under this Act.

5. *Grant of permits in respect of new or defunct rice mills.* (1) any persons of authority may make an application to the Central Government for the grant of a permit for the establishment of a new rice mill; and any owner of a defunct rice mill may make a like application for the grant of a permit for re-commencing rice-milling operation in such mill.

(2) Every application under sub-section (1) shall be made in the prescribed form and shall contain the particulars regarding the location of the rice mill, the size and type thereof and such other particulars as may be prescribed.

(3) If, on receipt of any such application for the grant of a permit, the Central Government is of opinion that it is necessary so to do for ensuring adequate supply of rice, it may, subject to the provisions of sub-section (4) and sub-section (5), grant the permit specifying therein the period within which the mill is to be established or, as the case may be, the mill is to re-commence rice-milling operation and such other conditions (including such conditions as to improvements to existing machinery, re-placement of existing machinery and use of improved methods of rice-milling, as may be necessary to eliminate waste, obtain maximum production and improve quality) as it may think fit to impose, in accordance with the rules, if any, made in this behalf.

(4) Before granting any permit under sub-section (3), the Central government shall cause a full and complete investigation to be made in the prescribed manner in respect of the application and shall have due regard to—

- (a) the number of rice mills operating in the locality;
- (b) the availability of paddy in the locality;
- (c) The availability of power and water supply for the rice mill in respect of which a permit is applied for;
- (d) whether the rice mill in respect of which a permit is applied for will be of the huller type, sheller type or combined sheller-huller type;
- (e) whether the functioning of the rice mill in respect of which permit is applied for would cause substantial unemployment in the locality;
- (f) such other particulars as may be prescribed.

5. (a) In granting a permit under this section (whether for the establishment of a new rice mill or for re-commencing rice-milling operation in a defunct rice mill), the Central Government shall give preference—

- (i) to a Government company or a corporation owned or controlled by the Government over every other applicant;
- (ii) to a farmers' co-operative society over every other applicant, not being a government company or a corporation owned or controlled by the Government,



notwithstanding that such other applicant has applied for the grant of a permit for re-commencing rice-milling operation in a defunct rice mill.

(b) Subject to the provisions of clause (a), in granting a permit under this section, the Central Government shall give preference to a defunct rice mill over a new rice mill.

*Explanation*—In this sub-section,—

(i) "Co-operative society" means a society registered or deemed to be registered under the co-operative Societies act, 1912 or any other law relating to co-operative societies for the time being in force in any State and "farmers' co-operative society" means a co-operative society the members where of include farmers and the voting rights in which are, according to its rules and bye-laws, restricted to the following classes of its members, namely:—

(a) farmers,

(b) State Governments,

(c) Primary agricultural credit societies as defined in clause (cii) of section 2 of the Reserve Bank of India Act, 1934;

(ii) "Government company" has the same meaning as in the Companies Act. 1956.

(6) A permit granted under this section shall be valid for the period specified there in or for such extended period as the Central Government may think fit to allow in any case.

Provided that if in a mill in respect of which a permit has been granted under sub-section(3) rice-milling operation is not carried on for a continuous period of one year at any time after the commencement of the Rice-milling Industry (Regulation) Amendment Act, 1968, then such permit shall cease to be valid upon the expiry of the said period of one year and a fresh permit shall be necessary for re-commencing rice-milling operation in that mill.

6. *Grant of licences.* (1) Any owner of an existing rice mill or of a rice mill in respect of which a permit granted under section 5 is effective may make an application to the licensing officer for the grant of a licence for carrying on rice-milling operation in that rice mill.

(2) Every application under sub-section (1) shall be made in the prescribed form and shall contain the particulars regarding the location of the rice mill, the size and type thereof and such other particulars as may be prescribed.

(3) On receipt of any such application for the grant of a licence, the licensing officer shall grant the licence on such conditions (including such conditions as to improvements to existing machinery, replacement of existing machinery and use of improved methods of rice-milling, as may be necessary to eliminate waste, obtain maximum production and improve quality and conditions relating to the polishing of rice), on payment of such fees and on the deposit of such sum, if any, as security for the due performance of the conditions as may be prescribed.

(4) A licence granted under this section shall be valid for the period specified therein and may be renewed from time to time for such period and on payment of such fees and on such conditions (including such conditions as to improvements to existing machinery, replacement of existing machinery and use of improved methods of rice-milling, as may be necessary to eliminate waste, obtain maximum production and improve quality) as may be prescribed :

Provided that if in a mill in respect of which a licence has been granted under sub-section (3) rice-milling operations are not carried on for a continuous period of one year at any time after the commencement of the Rice-milling Industry (Regulation) Amendment Act, 1968, then, such licence shall cease to be valid upon the expiry of the said period of one year and a fresh licence shall be necessary for carrying on rice-milling operations in that mill.

7. *Revocation, suspension and amendment of licences.* (1) If the licensing officer is satisfied, either on a reference made to him in this behalf or otherwise, that—

- (a) a licence granted under section 6 has been obtained by misrepresentation as to an essential fact, or
- (b) the holder of licence has, without reasonable cause, failed to comply with the conditions subject to which the licence has been granted or has contravened any of the provisions of this Act or the rules made thereunder :

then, without prejudice to any other penalty to which the holder of the licence may be liable under this Act, the licensing officer may, after giving the holder of the licence an opportunity of showing cause, revoke or suspend the licence or forfeit the sum, if any, or any portion

thereof deposited as security for the due performance of the conditions subject to which the licence has been granted.

(2) Subject to any rules that may be made in this behalf, the licensing officer may also vary or amend a licence granted under section 6.

8. *Certain restrictions on rice mills.* (1) No person or authority shall, after the commencement of this Act, establish any new rice mill except under and in accordance with a permit granted under section 5.

(2) No owner of a rice mill shall, after the commencement of this Act, carry on rice-milling operation except under and in accordance with a licence granted under section 6 :

Provided that nothing in this sub-section shall apply to an existing rice mill for such period as may be specified in this behalf by the Central Government by notified order.

(3) No owner of a rice mill,—

- (a) in respect of which a licence has been granted under section 6, shall carry on rice-milling operation in that mill after the licence has ceased to be valid;
- (b) in respect of which the licence has been revoked or suspended under section 7, shall carry on rice-milling operation in that mill after the revocation or, as the case may be, during the period for which the licence has been suspended;
- (c) shall, without the previous permission of the Central Government change the location of the whole or any part of the rice mill in respect of which a licence has been granted under section 6;
- (d) shall, after the commencement of this Act, effect any expansion of the rice mill except with the previous permission of the Central Government :

Provided that no such permission shall be necessary,—

- (i) where such expansion is in accordance with the terms and conditions of the permit or licence granted under this Act in respect of the rice mill; or

- (ii) for the replacement merely of any parts of the machinery of the rice mill if such replacement does not result in an increase in the productive capacity of the rice mill.

Act No.  
29 of  
1969.

**Explanation**—For the purposes of clause (a) of this sub-section, the period of the validity of a licence shall not be deemed to have expired, if an application for its renewal is pending before the licensing officer.

9. *Power of inspection.* For the purposes of ascertaining the position or examining the working of any rice mill or for any other purpose mentioned in this Act or the rules made thereunder, the licensing officer or any person authorised by the Central Government in this behalf shall have the right—

- (a) to enter and inspect any rice mill;
- (b) to order the production of any document, book, register or record in the possession or power of any person having the control of, or employed in connection with, any rice mill; and
- (c) to examine any person having the control of, or employed in connection with, any rice mill.

10. *Decision of Central Government final respecting certain matters.* If, for the purposes of this Act, any question arises as to whether—

- (a) there has been an expansion of a rice mill, or
- (b) the replacement of any parts of the machinery of a rice mill has resulted in an increase in the productive capacity of the rice mill,

the Central Government may, after giving the owner of the rice mill an opportunity of being heard, decide the question and the decision of the Central Government thereon shall be final.

11. *Returns.* Every owner of a rice mill shall furnish to the Central Government such returns relating to the affairs of the rice mill and in such forms as may be prescribed.

12. *Appeals.* (1) Any person aggrieved by a decision of a licensing officer under section 6 or section 7 may, within thirty days from the date on which the decision is communicated to him, prefer an appeal to an appellate officer who shall be a person nominated in this behalf by the Central Government :

Provided that the appellate officer may entertain the appeal after the expiry of the said period of thirty days, if he is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

(2) On receipt of an appeal under sub-section (1), the appellate officer shall, after giving the appellant an opportunity of being heard, dispose of the appeal as expeditiously as possible.

Act No.  
29 of  
1968.

13. *Penalties.* (1) If any person contravenes or attempts to contravene or abets the contravention of any of the provisions of section 8 or sub-section (2) of section 18, he shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to ten thousand rupees, or with both, and in the case of a continuing contravention, with an additional fine which may extend to five hundred rupees for every day during which such contravention continues after conviction for the first such contravention :

Provided that where such contravention, attempt or abetment relates to sub-section (1), or sub-section (2), or clause (a) or clause (b) of sub-section (3) of section 8, or sub-section (2) of section 18, he shall be punishable with imprisonment for a term which shall not be less than one month.

(2) If any person,—

- (a) when required by this Act or by any order under this Act to make any statement or furnish any information, makes any statement or furnishes any information which is false in any material particular and which he knows or has reason to believe to be false or does not believe to be true, or
- (b) makes any such statement as aforesaid in any book, account, record, declaration return or other document which he is required to maintain or furnish under this Act, or
- (c) contravenes any rule the contravention of which is made punishable under this sub-section,

he shall be punishable with imprisonment for a term which may extend to three months, or with fines which may extend to two thousand rupees, or with both.

14. *Offences by companies.* (1) If the person committing an offence under this Act is a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company,

shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

**Explanation**—For the purposes of this section,

- (a) "company" means any body corporate, and includes a firm or other association of individuals; and
- (b) "director", in relation to a firm, means a partner in the firm.

\*14A. *Burden of proof in certain cases.* Where paddy, husk rice or broken rice is recovered from the premises of a mill, it shall be presumed, unless the contrary is proved by the owner, that rice-milling operations are carried on in that mill.

\*14B. *Confiscation of plant and machinery.* Where any person has been convicted for contravention of any of the provisions of section 8 or of sub-section (2) of section 18, then, the court convicting such person may order confiscation of the plant and machinery with which rice-milling operations in contravention of such provision were carried on:

Provided that where such person is convicted for a second or subsequent offence, the court shall order confiscation of such plant and machinery.

15. *Cognizance of offence.* No court shall take cognizance of any offence punishable under this Act except on a report in writing of the facts constituting such offence made by the licensing officer or any person duly authorised by the Central Government or the licensing officer in this behalf.

---

\* Act No. 29 of 1968.

16. *Jurisdiction of courts.* No court inferior to that of a presidency magistrate or a magistrate of the first class shall try any offence punishable under this Act.

17. *Special provision regarding fines.* Notwithstanding anything contained in section 32 of the Code of Criminal Procedure, 1898, it shall be lawful for any magistrate of the first class or for any presidency magistrate to pass a sentence of fine exceeding two thousand rupees on any person convicted of any offence under this Act.

18. *Power to exempt in special cases.* (1) If the Central Government is of opinion, having regard to the necessity for ensuring an adequate supply of rice in any area or to the conditions prevailing therein, that it would not be in the public interest to apply all or any of the provisions of this Act to the rice mills or to any class of rice mills in that area, it may, by notified order, exempt for such period and subject to such conditions as it may think fit to impose, all the rice mills or such class of rice mills in that area it may specify in the order from the operation of all or any of the provisions of this Act or of any rule or order made thereunder.

(2) Where any notified order under sub-section (1) granting an exemption is cancelled, no owner of a rice mill shall carry on rice milling operation in that rice mill after the expiry of such period as may be specified in that order cancelling the exemption, except under and in accordance with a licence granted to him under section 6.

19. *Delegation of powers.* The Central Government may, by notified order, direct that any power exercisable by it under this Act shall, in relation to such matters and subject to such conditions if any, as may be specified in the direction, be exercisable also by—

- (a) such officer or authority subordinate to the Central Government, or
- (b) such State Government or such officer or authority subordinate to a State Government, as may be specified in the direction.

20. *Licensing officers, etc., to be public servants.* The licensing officers and every person duly authorised to discharge any duties imposed on him by this Act shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

21. *Protection of action taken under the Act.* (1) No suit, prosecution or other legal proceeding shall lie against any officer or authority for any thing which is in good faith done or intended to be done in pursuance of this Act or any rule or order made thereunder.

(2) No suit or other legal proceeding shall lie against the Government for any damage caused or likely to be caused by any thing which is in good faith done or intended to be done in pursuance of this Act or any rule or order made thereunder.

22. *Power to make rules.* (1) The Central Government may, subject to the condition of previous publication, make rules for carrying out the purposes of this Act.

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

- (a) the form of application for the grant of a permit under section 6 and the particulars it may contain;
- (b) the manner in which an investigation is to be made in respect of an application for a permit and the matters to be taken into account in granting or refusing a permit;
- (bb) the form of a permit under section 5 and the conditions (including conditions relating to improvements to existing machinery, replacement of existing machinery and use of improved methods of rice-milling) subject to which a permit may be granted and the time within which such conditions shall be complied with;
- (c) the form of application for the grant or renewal of a licence in respect of a rice mill and the particulars it may contain;
- (d) the form of a licence which may be granted or renewed under section 6 and the conditions subject to which the licence may be granted or renewed, including conditions relating to improvements to existing machinery, replacement of existing machinery, use of improved methods of rice-milling and polishing of rice, the time within which such conditions shall be complied with the fees to be levied for the grant or renewal of a licence and the deposit of any sum as security for the performance of such conditions;
- (e) the circumstances under which licences may be varied or amended under sub-section (2) of section 7;
- (f) the submission of returns relating to a rice mill by the owner and the forms in which, and the authorities to which, such returns may be submitted; and the collection of any information or statistics in relation to rice mills;



(g) the form and manner in which appeals may be filed under section 12 and the procedure to be followed by appellate officers in disposing of the appeals;

(h) any other matter which has to be, or may be, prescribed under this Act.

(3) Any rule made under this action may provide that a contravention thereof shall be punishable under sub-section (2) of section 13.

(4) Every rule made by the Central Government under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be so, however, that any such modification or annulment shall be without prejudice to the validity of any thing previously done under that rule.

23. *Application of other laws not barred.* The provisions of this Act shall be in addition to, and not in derogation of, any other Central Act for the time being in force.

24. *Act not to apply to rice mills owned by Government.* The provisions of this Act shall not apply to any rice mill owned by Government.

25. *Repeal and savings.* (1) If, immediately before the commencement of this Act, there is in force in any State to which this Act extends any laws or order relating to the regulation or control of rice mills in that State, that law or order shall stand repealed.

(2) Notwithstanding such repeal, any certificate of registration, permit or licence granted in respect of any existing rice mill, under any such law or order hereby repealed and in force immediately before the commencement of this Act, shall continue to be in force for such period as may be allowed under the proviso to sub-section (2) of section 8 for the licensing of such rice mill under the provisions of this Act, and for the removal of doubts, it is hereby declared that the provisions of section 6 of the General Clauses Act, 1897, shall apply in relation to such repeal, as they apply in relation to the repeal of an enactment by a Central Act.

### ANNEXURE III

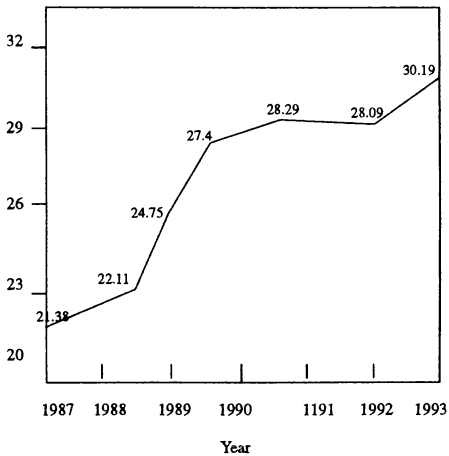
(Vide Para 9 of the Report)

#### Number of Rice Mills as on 01.01.1994

No.	State/U.T.	Hellers	Shellers	Hellers cum Shellers	Modern/ Modernised Rice mills	Total
1	2	3	4	5	6	7
1.	Andhra Pradesh	4,609	1,776	2,364	12,995	21,774
2.	Assam	431	14	2,133	242	2,820
3.	Bihar	4,749	63	9	51	4,872
4.	Gujarat	1,890	159	67	1,045	3,161
5.	Haryana	807	-	-	990	1,797
6.	Himachal Pradesh	890	1	3	222	1,116
7.	Jammu & Kashmir	-	-	-	-	-
8.	Karnataka	9,131	462	1,103	3,674	14,370
9.	Kerala	13,664	-	13	2,533	16,210
10.	Manipur	71	-	97	1	169
11.	Maharashtra	8,199	273	541	1,759	10,772
12.	Madhya Pradesh	3,918	201	262	1,661	6,042
13.	Meghalaya	193	-	8	-	201
14.	Nagaland	-	-	-	-	-
15.	Orissa	6,398	125	289	552	7,364
16.	Punjab	4,416	442	-	1,965	6,823
17.	Rajasthan	152	2	6	193	353

1	2	3	4	5	6	7
18. Sikkim		17	-	-	-	17
19. Tamil Nadu		13,608	148	1,224	3,408	18,388
20. Tripura		689	5	8	1	703
21. Uttar Pradesh		5,707	562	150	1,215	7,634
22. West Bengal		9,554	3	72	926	10,555
23. Chandigarh		4	-	-	27	31
24. Delhi		2	-	-	27	29
25. Pondicherry		193	-	8	33	234
26. Andaman & Nicobar		116	-	-	-	116
27. Arunachal Pradesh		-	-	-	-	-
28. Dadra & Nagar Haveli		8	1	-	-	9
29. Lakshadweep		-	-	-	-	-
30. Goa		675	-	5	37	717
31. Mizoram		-	-	-	-	-
<b>TOTAL</b>		<b>90,091</b>	<b>4,237</b>	<b>8,362</b>	<b>33,557</b>	<b>1,36,247</b>

**ANNEXURE IV**  
*(Vide Para 9 of the Report)*  
**UTILISATION OF RICE BRAN FOR OIL PRODUCTION**  
**(IN LAKH TONNES)**



**GROWTH OF MODERN RICE MILLS IN NOS**

