

Directorate of H. P. & T.
NAGPUR.

17 MAY 1999

Desk No.

INWARD No.

77
Terms and Conditions in respect of
Government Share Capital Contribu-
tion to Cooperative Spinning Mills

GOVERNMENT OF MAHARASHTRA
Cooperation and Textiles Department,
Resolution No. SOOTAGI 1197/CR 193/TEX-1,
Mantralaya Annexe,
Mumbai-400 032. 24th March, 1999.

READ: 1) Government Resolution, Agriculture and Cooperation
Department No. SPM 1181/23551/8-C, dated the 30th
January, 1982.

2) Government Resolution, Cooperation and Textiles
Department No. Sootagi 1190/15474/CR 276/TEX-1,
dated the 1st June, 1992.

RESOLUTION : In modification of terms and conditions laid down
in Government Resolution No. Sootagi 1190/15474/CR 276/TEX-1,
dated the 1st June, 1992 Government is pleased to fix the revised
terms and conditions for share capital contribution to the Coopera-
tive Spinning Mills as indicated in the accompaniment to this
Resolution.

By order and in the name of the
Governor of Maharashtra,

(J.K.MAGARE)

Under Secretary to Government.

To

- The Director, Handlooms, Powerlooms & Textiles, Nagpur.
- The Commissioner for Cooperation and Registrar of Cooperative Societies, Maharashtra State, Pune.
- The Divisional Joint Registrar of Cooperative Societies, Mumbai/Pune/Nagpur/Aurangabad/~~Nagpur/Solapur~~ Nashik/Amravati.
- The Regional Deputy Director of Handlooms, Powerlooms & Textiles, Mumbai/Nagpur/Solapur/Aurangabad.
- All District Deputy Registrars of Cooperative Societies.
- The Technical Director, Maharashtra State Cooperative Spinning Mills Federation Ltd., Mumbai, Vakil House, Sprof Road, Ballard Estate, Mumbai-38.
- All Cooperative Spinning Mills (Under Production and Under Errection).
- The Accountant General-I, Maharashtra, Mumbai.
- The Accountant General-II, Maharashtra, Nagpur.
- The Pay and Accounts Officer, Mumbai.
- The Resident Audit Officer, Mumbai.
- The Finance Department (BUD- 2),
- All India Federation of Cooperative Spinning Mills Ltd., Mumbai, 14 Murzeban Road, Mumbai-1.
- The Planning Department.
- The Director of Insurance, M.S. Shesakiya Kuti No. 6 & 7, Free Press Journal Marg, Mumbai-400 021.

Accompaniment to Government Resolution, Cooperation and Textiles Department No. SOOTAGI 1197/CR 193/TEX_1, dated the 24th March, 1999.

Terms and conditions in respect of Government share capital contribution to the Cooperative Spinning Mills sanctioned in 8th Five Year Plan.

1. The Cooperative Spinning Mill will have to finalise the specifications of the plant and machinery and terms and conditions for the supply thereof from the suppliers of the machinery, in consultation with the State Advisory Committee for Cooperative Spinning Mills in regard to the placing of orders for plant and machinery or as directed by the Director of Handlooms, Powerlooms and Cooperative Textiles, Maharashtra State, Nagpur.
2. The Mill shall abide by the production pattern prescribed in the Cotton Textiles Control or any other order of the Central and/or State Government issued from time to time.
3. The State Government reserves its right to finally approve the location and define the area of operation of the mill.
4. The Spinning Mill shall create a special class of fully paid up shares known as "Redeemable Preference Shares" which shall be issued to the Government of Maharashtra. These shares shall be redeemable after 20 years from the date of contribution or earlier if the General Meeting of the Spinning Mills so desires, and shall have preferential right as to return of capital in winding up.
5. The Mill shall credit to the Consolidated Fund of the State on or before 31st March of every year 1/15th of the total share capital contribution by Government to the mill, commencing from the financial year in which falls the date of completion of a period of 5 years from the

commencement of commercial production or the date on which the last instalment of Government share capital was paid, whichever is later. The Mill should be very punctual in crediting the annual contribution to the Consolidated Fund so that the redemption of the Government share capital can take place after all the 15 instalments are so credited. In case of failure by a cooperative spinning mill to credit amounts as specified above to the Consolidated Fund of the State and to pay dividend declare so far to Government a penal interest @ 12% p.a. will be charged. The Director,

Handlooms, Powerlooms and Textiles shall initiate appropriate action against the spinning mill.

6. The Government shall have right to issue necessary instructions in the public interest as regards sale of yarn that may be produced by the mill and the mill shall be bound to comply with such instructions.

7. The Mill shall issue share certificates for the shares issued to Government within a period of 6 months from the date of receipt of Government share capital contribution failing which the entire amount of share capital would be liable to be called back.

8. The mill shall not issue any debenture or contract any loans or otherwise para-wise exercise its borrowing power except with the previous sanction of the registering authority.

9. The Mill shall not declare dividend in excess of 4% p.a. Government share capital is redeemed. However, the Government may allow the mill to declare dividend at a rate exceeding 4% even before the Government share capital is fully refunded.

10. The Mill shall credit into Government, on the amount invested in the share capital of the mill, ~~xxx~~ within a period of 3 months from the date of declaration of the dividend, under intimation to the Director, Handlooms, Powerlooms and Textiles and the District Deputy Registrar, Cooperative Societies of the District. The dividend due but not credited to Government till the date of the order shall also be credited forthwith.

11. The mill shall not refund any portion of the share capital of its members, unless the share capital subscribed by Government is fully repaid, without prior approval of the registering authority.

Provided however, that in the case of a member society which is subsequently taken into liquidation, the share capital can be refunded earlier subject to such terms and conditions as the registering authority may lay down.

12. The Mill shall not invest its funds in the shares of other institutions Cooperative or other than cooperative without permission of the registering authority.

13. All the appointments of the employees of the mill in posts carrying basic pay of Rs. 2500/- or total emoluments of Rs. 4000/- and above shall be subject to the approval of the registering authority. The appointments of the Chief Executives or the mill such as Managing Director, Spinning Master, Engineer and Secretary and the terms of such appointments shall however, be subject to prior approval of the registering authority.

14. The mill shall reserve, for backward class candidates, posts to the extent of the percentage of the total strength of employees as may be fixed by Government from time to time. The terms backward class shall consist of four sections as given in Government Resolution, General Administration Department No. BCU 1041/111-J, dated the

8th April, 1975, or any other directive that will be issued from time to time.

15. The complement of the labour and the staff of the mill as provided in the project report shall not be exceeded without prior permission of the registering authority.
16. The advice of various committees formed or that will be formed by Government shall be strictly adhered to by the mill.
17. The Mill shall have to become a member of the federal or State body as designated by the registering authority and abide by guidelines issued by that body from time to time.
18. The mill shall abide by such terms and conditions as would be issued by the registering authority, from time to time, for better running of the mill.
19. If required by the Accountant General, Maharashtra, the accounts with all relevant papers of the mill will be produced for inspection by him.
20. Registering authority shall have the right to direct the mill to invest its surplus funds in organisation that may be established for the development of agro based industries in the cooperative fold and the mill shall abide by such directives.
21. The mill will merge into another mill or permit other mill to be merged into it, if so directed by the registering authority.
22. Breach of any of these conditions will entitle Government to call back the share capital and the mill shall have to repay the same.
23. The mill shall amend its bye-laws, so as to give effect to these conditions, before utilising Government share capital.

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24. The cooperative spinning mills shall place its entire General Insurance Business with the Directorate of Insurance, Maharashtra State, Government barracks No. 8 and 6, Free Press Journal Marg, Mumbai-400 021 only and with no other Insurance Company right from the marine cum-storage-cum-Erection Insurance Policy required during the erection of the soot girni.

While entering into a contract with the suppliers for supply of machinery and erection of spinning mill, the soot girni should incorporate a condition in the contract that the Marine cum-storage_cum-Erection Insurance Policy be taken out by the suppliers from the Government of Insurance Fund, Maharashtra State, Government Barracks No. 8 & 6, Free Press Journal Marg, Mumbai-400 021 only and from no other insurance company.