



THE COTTON ACT, 1957



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THE COTTON ACT, 1957

¹ACT No. XXXVIII OF 1957

[10th September, 1957]

An Act to provide for measures for the promotion of international trade in cotton.

WHEREAS it is expedient to provide for measures for the promotion of international trade in cotton ;

It is hereby enacted as follows:—

1. Short title extent and commencement.—(1) This Act may be called the Cotton Act, 1957.

(2) It extends to the ²[Karachi Division], and with the exception of section 6, to the rest of Pakistan.

(3) It shall come into force at once.

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

- (a) “contract” means a contract for the purchase or sale of cotton, and includes a factory selection contract ;
- (b) “cotton” means unginned cotton (kapas) or ginned cotton (rui) or pressed and baled cotton but does not include wool cotton or silk cotton ;
- (c) “factory selection contract” means a contract for the sale of cotton entered into in Pakistan and providing for selection by the buyer at the factory and for delivery of the cotton selected in full pressed bales at Karachi within the period and at the price specified in the contract ;
- (d) “notified order” means an order published in the official Gazette ;
- (e) “pressing factory” means a place wherein steam, water or other mechanical power or electric power is used and where cotton is pressed into bales.

¹ For Statement of Objects and Reasons, see Gaz. of P., dated the 24th August, 1957, Ext., p. 1813.

² Subs. by A.O., 1964, Art. 2 and Sch., for “Federal Territory of Karachi” which had been subs. by the Repealing and Amending Ordinance, 1961 (1 of 1961), s. 3 and 2nd Sch., for “Federal Capital”.

3. Constitution of the Cotton Board. The ¹[Federal Government] may, for the promotion of international trade in cotton, constitute, by notification in the official Gazette, a Cotton Board with a Chairman and such other members, of whom one ²[each may be nominated by the Governments of Baluchistan, the North-West Frontier Province, the Punjab and Sind], as may be specified in the notification.

4. Functions of the Board. The Board shall have power to supervise and regulate all dealings in cotton, in so far as they are connected with the promotion of international trade therein, and shall perform such functions as the ¹[Federal Government] may, from time to time, direct for the purposes of this Act.

5. Control of the Board. The Board shall be subject to the superintendence and control of the ¹[Federal Government], and in the discharge of its functions shall be guided by such general or special instructions as may, from time to time, be given to it by the ¹[Federal Government].

6. Requisition of factories.—(1) The ¹[Federal Government] may, by general or special order, requisition any pressing factory or any place, whether open or enclosed, and use the same for pressing or storing cotton belonging to Government, and for purposes incidental thereto.

(2) If any such factory or place is requisitioned under this section, there shall be paid compensation which shall be determined either with the agreement of the parties concerned, or by an arbitrator chosen with their consent, and in the absence of such consent, by an arbitrator to be appointed in accordance with the provisions of section 8 of the Arbitration Act, 1940 ([X of 1940](#)).

(3) The arbitrator in determining the compensation under sub-section (2) shall have regard to the provisions of sub-section (1) of section 23 of the Land Acquisition Act, 1894 ([I of 1894](#)), so far as the same can be made applicable to acquisition of a temporary nature.

¹Subs. by F.A.O., 1975, Art. 2 and Table, for "Central Government".

²Subs. by the Cotton (Amdt.) Ordinance, 1970 (24 of 1970), s. 4.

7. Power to secure fulfillment of contracts. If in the opinion of the ¹[Federal Government], it is expedient or necessary so to do for the purpose of securing the fulfilment of any contract relating to export of cotton on which the exporter has defaulted, it may buy cotton elsewhere and appropriate it to the contract, and the defaulter shall be liable for any loss which the ¹[Federal Government] may sustain on that account, but the defaulter shall not be entitled to any gain on the purchase made against default.

Explanation.—In this section “exporter” means a seller of cotton to a foreign buyer or to his agent in Pakistan.

8. Power to call for information.—(1) The ¹[Federal Government] may, at any time, by an order in writing, direct such person or class of persons as may be specified in the order to furnish such particulars relating to the fulfilment of any contract relating to export of cotton, in such manner and to such person, as may be specified in the order.

(2) The ¹[Federal Government] may, by order in writing, require any person to furnish to it, or to such person as may be specified in this order, any information in his possession, being information which the ¹[Federal Government] may require for the purposes of this Act.

9. Registration of contracts. The ¹[Federal Government] may, by general or special order in writing, require any contract relating to export of cotton to be registered with such organisation and in such manner as may be specified in the order.

10. Control of contracts through recognised associations.—(1) The ¹[Federal Government] if satisfied that it could be in the interests of the trade and also of the public to do so, may, by a notified order and subject to such conditions, if any, as may be specified in the order, prohibit any specified kind or class of contracts, such as forward contracts or hedge contracts, unless such contracts are made through and

¹ Subs. by F.A.O., 1975 Art. 2 and Table, for “Central Government”.

under the control of, and in the manner prescribed by, an association recognised by the ¹[Federal Government] under sub-section (2).

(2) For the purposes of this section, the ¹[Federal Government] may, by a notified order, recognise any association, constituted for the purpose of regulating and controlling contracts, which applies for such recognition.

(3) A recognition under sub-section (2) may be granted subject to the condition that the association shall by such amendments of its articles of association, rules or bye-laws as may be necessary provide for the appointment by the ¹[Federal Government] of not more than four persons, representing interests not directly represented through membership of the association, as members of the governing body of the association.

(4) Every association, which is recognised under sub-section (2), shall furnish to the ¹[Federal Government] such information and such periodical returns relating to the affairs of the association as the ¹[Federal Government] may by order in writing require.

(5) The ¹[Federal Government] may, by order in writing, give such directions, as it considers necessary in the interests of the trade and the public, to an association recognised under sub-section (2) in respect of contracts to which this section applies.

(6) No articles, rules or bye-laws of an association recognised under sub-section (2) shall be altered save with the previous approval of the ¹[Federal Government].

(7) Whenever the ¹[Federal Government] considers it expedient to do so, it may by order in writing direct any association recognised under sub-section (2) to make, repeal or amend any articles, rules or bye-laws of the association in the manner and within a period specified in the order ; and if the recognised

¹ Subs. by F.A.O., 1975, Art. 2 and Table, for "Central Government".