

Regulatory Procedure

REGISTRATION, LICENSING AND OTHER LEGAL REQUIREMENTS TO ESTABLISH A FLOUR MILL IN PAKISTAN



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TABLE OF CONTENTS

1. Introduction of SMEDA	03
2. Role of Legal Services Cell	03
3. Disclaimer	04
4. FOREWORD	05
5. Foodstuffs-----What is?	05
6. Foodgrains-----What is?	05
7. Establishment of Flour Mill	05
8. Application for license to Establish Flour Mill	05
9. Issuance of License	06
10. Renewal of License	06
11. Duplicate License	06
12. Submission of Statement	06
13. Other Requirements under Flour Mills (Control) Order, 1959	07
14. Licensing Authority	

1. INTRODUCTION OF SMEDA

The Small and Medium Enterprise Development Authority (SMEDA) was established with the objective to provide fresh impetus to the economy through the launch of an aggressive SME development strategy.

Since its inception in October 1998, SMEDA had adopted a sectoral SME development approach. A few priority sectors were selected on the criterion of SME presence. In depth research was conducted and comprehensive development plans were formulated after identification of impediments and retardants. The all-encompassing sectoral development strategy involved overhauling of the regulatory environment by taking into consideration other important aspects including finance, marketing, technology and human resource development.

SMEDA has so far successfully formulated strategies for sectors, including fruits and vegetables, marble and granite, gems and jewellery, marine fisheries, leather and footwear, textiles, surgical instruments, transport and dairy. Whereas the task of SME development at a broader scale still requires more coverage and enhanced reach in terms of SMEDA's areas of operation.

Along with the sectoral focus a broad spectrum of services are now being offered to the SMEs by SMEDA, which are driven by factors like enhanced interaction amongst the stakeholders, need based sectoral research, over the counter support systems, exclusive business development facilities, training and development for SMEs and information dissemination through wide range of publications.

2. ROLE OF SMEDA LEGAL SERVICES CELL

The Legal Services Cell [LSC] is a part of Business Development Division of SMEDA and plays a key role in providing an overall facilitation and support to SMEs. The LSC provides guidance based on field realities pertaining to SMEs in Pakistan and other parts of the world.

LSC believes that information dissemination among the SMEs on the existing regulatory environment is of paramount importance and it can play a pivotal role in their sustainable development.

In order to facilitate SMEs at the Micro Level LSC has developed user-friendly systems, which provide them detail description of the Laws, and Regulations including the process and steps required for compliance.

The purpose of this document is to provide SMEs with information pertaining to a registration / licensing and legal requirements to establish a Flour Mill in Pakistan. Entrepreneurs interested in enhancing their understanding about the procedures can also use the document and documentation required to comply with registration / licensing procedure. For convenience of the readers sample of various forms and important addresses are also included.

3. DISCLAIMER

Information in this document is provided only for general information purpose and on an "as is" basis without any warranties of any kind. Use of this information is at the user's sole risk. SMEDA assume no responsibility for the accuracy or completeness of this information and shall not be liable for any damages arising from its uses."

4. FOREWORD

The West Pakistan Foodstuffs (Control) Act, 1958 (hereinafter referred as “the Act”) is a law which gives powers to the Government to control of supply, distribution, storage, movement transport, and other matters relating to foodstuffs.

5. Foodstuffs-----What is?

Foodstuffs mean any of the following classes of commodities: --

- (i) wheat, atta, maida, rawa and suji;
- (ii) rice and paddy;
- (iii) sugar; and
- (iv) such other commodity or class of commodities as may be declared and notified by the Government to be foodstuffs for the purpose of this Act.

6. Foodgrains-----What is?

Under power conferred by the said Act the Government has made the West Pakistan Foodgrains (Licensing Control) Order, 1957 (hereinafter referred as “the order, 1957”) to control by way of licensing the purchase, sale or storage for sale of any of the foodgrains. Foodgrains means the commodities specified in Schedule I of the order, 1957 which commodities are as under: -

- (i) Wheat
- (ii) Rice, broken rice and paddy

Clause 3 of the said order, 1957 requires that no person other than a grower shall engage, on his own account or on behalf of any other person as a commission agent, in any undertaking which involves the purchase, sale or storage for sale of any of the foodgrains mentioned in Schedule I (as given above) except under and in accordance with a license issued by Licensing Authority under this order.

7. Establishment of Flour Mill

From perusal of the above clause it reveals that a flour mill is required to obtain license from the licensing authority to purchase and storage of wheat.

8. Application for license to Establish Flour Mill

Applications for licenses shall be made in Form “B” (annexed herewith as annex “A”) to the Licensing Authority of the district in which the applicant carries on

or intends to carry on business involving the purchase, sale or storage for sale of foodgrains in wholesale quantities. To obtaining license applicant have to undertake on the application Form that he agrees to abide the conditions of license given in Form "A" (annexed herewith as annex "B").

If any applicant carries on such business or intends to carry on such business in more than one district he shall apply to the District Magistrate of the district in which he usually resides. A single application may include a request to carry on business in a number of districts.

9. Issuance of License

On receipt of application and on payment of a license fee of Rs. 10 for one district and Rs. 2 for each subsequent district the licensing authority shall issue license on Form "A" (annexed herewith as annex "B").

10. Renewal of License

A license granted under this order shall, unless suspended, withdrawn or cancelled continue to be in force for one year from the date of the issue of the said license but shall be renewable annually on application made in Form "BB" (annexed herewith as annex "C") by the licensee to the licensing authority by which the license was granted and on payment of the renewal fee of Rs. 5 for the first district and Rs. 1 for each subsequent district. Renewal of licenses shall be granted on the Renewal Endorsement Form shown in Form "C" (annexed herewith as annex "D"). If any person fails to apply and to deposit the renewal fee before the date when it is due to expire the license shall not be renewed unless: -

- a. the licensing authority is satisfied that there were good and sufficient reasons for the delay; and
- b. the licensee pays an extra fee of Rs. 5 for the first district and Rs. 1 for each subsequent district.

11. Duplicate License

In the case of lost or damage of the license, a duplicate license shall be issued on payment of Rs. 5 for one district and Rs. 1 for each subsequent district when it is proved to the satisfaction of the licensing authority that the original license was lost or damage in a bona fide manner.

12. Submission of Statement

License holders are also required to submit regularly to the Licensing Authority a fortnightly statement of stocks in Form "D" (annexed herewith as annex "E") which statement shall show the receipts and deliveries of each foodgrain

separately for the preceding fortnight. This statement shall be submitted not later than the 20th day of each month for the first fortnight of the month and not later than 5th of the next month for the 2nd fortnight of the said month. Due to amendments in Punjab, the license holders in the province in Punjab shall submit the said statement on monthly basis by not later than the 5th day of the succeeding months.

13. Other Requirements under Flour Mills (Control) Order, 1959

Apart from the above requirements, Flour Mills are also required to comply with the Flour Mills (Control) Order, 1959 (hereinafter referred as "the Order, 1959") which order is made by the Government in exercise of the powers conferred by the West Pakistan Foodstuffs (Control) Act, 1958.

Clause 3 of the said order, 1959 requires that no producer shall manufacture wheat products out of foodgrains other than wholesome and healthy wheat containing by way of admixture more than ten per cent by weight of barley and more than two percent by weight of foodgrains other than barley. The said Order, 1959 gives the following powers to the Controller: -

- I. The Controller may from time to time direct the producers/flour mills owners generally or any producer in particular: -
 - (a) to produce or purchase wheat from such sources or such places or areas as may be specified;
 - (b) to manufacture such wheat products or to limit the manufacture thereof such quantities or not varieties to manufacture such wheat products as may be specified.
 - (c) to supply such wheat products to such area market, person or class of persons or organization in such quantities and in such manner as may be specified.
 - (d) to charge for cleaning or milling of wheat at such rates as may be specified; and
 - (e) generally to regulate production, sale and delivery of wheat product.
- II. The "Controller" or Government or any person authorised by the Controller or Government on this behalf may require any producer/flour mill owner to mechanically clean or mill wheat and every such producer shall, notwithstanding any existing agreement with any other person promptly comply with such requisition.
- III. The Controller may apply or caused to be applied such tests as he may consider necessary to satisfy himself that: --

- (a) the wheat used for milling and the wheat products manufactured in the mill are clean, wholesome and fit for human consumption;
- (b) the processes employed in the flour mill are clean and hygienic; and
- (c) the producer is maintaining reasonable standard of cleanliness in the flour mill, appurtenant building and godowns.

IV. The Controller or any person authorised by Government or the Controller in this behalf may, at any time, enter the premises of any flour mill including its godowns and building appurtenant thereto the godowns or other places where wheat required for milling or wheat product manufactured in such flour mill are stocked. Every producer or person incharge of a flour mill including its godowns and building as aforesaid shall allow the Controller or other authorised person making the demand, access to such flour mill, buildings, godowns and places and shall answer all questions truthfully and to the best of his knowledge.

14. LICENSING AUTHORITY UNDER THE WEST PAKISTAN FOODGRAINS (LICENSING CONTROL) ORDER, 1957

the Deputy Director Food
the Assistant Director Food
the District Food Controller
the rationing controller within their respective jurisdiction
the Naib-Tehsildar Supplies, Gowadar (for tehsil of Gowadar and Jiwani)
the Naib-Tehsildar Supplies, Pasni Tehsil
the Naib-Tehsildar Supplies, Turbat (for Tehsil of Turbat and Panjgur)
the Naib-Tehsildar Supplies, Nuski (for Chagai District)
the Food Controller, Kalat (for Kharan District)
the Naib-Tehsildar Supplies Fortsandeman (for Zhob)
the Naib-Tehsildar Sibi (for District of Sibi and Tehsil of Dhadar, Kalat District)
the Lehri Bhag in the Kalat District
the Naib-Tehsildar Sibi (for District of Sibi and Tehsil of Dhadar, Lehri Bhag in the kalat District)
the Naib-Tehsildar Loralai (for Loralai District)
and any other officer so designated by the Provincial Government for this purpose.

IMPORTANT ADRESSESS

Pakistan Flour Mills Association

TAJ COMPLEX, BLOCK C-3
FIRST FLOOR, LINE DEVELOPMENT AREA
M. A. JINNAH ROAD
KARACHI
TEL 021-5010556-301
FAX 021-7780137

List of Telephone Numbers of Officers / Officials of Sindh Food Department

Name	Designation	Office	Residence
Mr. Ahmed Bux Narejo	Director Food	9211519	9251741 0320-5008779
Mr. Sohrab Khan Kalwar	Deputy Director Food, Karachi	5685583	5844585 0300-9261444
Mr. Abdul Majeed Bajari	Deputy Director Food, Hyderabad.	0221-9200917	0221-652622 021-5372460 0333-2248183
Mr. Agha Samundar Khan	Deputy Director Food, Sukkur	071-9310743	0320-4164047
Mr. Ghulam Murtaza Kalyar	Deputy Director Food, Mirpurkhas	0231-9290039	0221-652294
Mr. Inyat Ali Khatian	Deputy Director Food, Larkana	0741-9410391	0320-5097876
DFC, Hyderabad Mr. Abdul Malik Abbasi	0221-781516 (O) 0221-652718 (R)	DFC, Dadu Mr. Ayub Rind	0229-71-139 0229-620123
DFC, Khairpur Mr. Qaisar Khan Unar.	0792-554184 (O) 0792-556508 (R)	DFC, N'Feroze Mr. Zia Shaikh	0752-448848 (O)
DFC, Mirpurkhas Mr. Nazir Ahmed Memon	0231-9290040 (O) 0231-61100	DFC, Ghotki Mr. Mansha Ram	0703-52207 (O) 0703-51266 (R)
DFC, Sanghar	02346-41341 (O)	DFC, Larkana Mr. Anees Mehar	0741-9410363 (O) 0761-577051 (R)
DFC, Sukkur, Mr. Bachal Abro	071-31959 (O) 021-8120342 (R)	DFC, Shikarpur Mr. Khalil Moryani	0761-512450
DFC, Nawabshah, Mr. Rafiq Rajpar	0241-9370185 (O)	DFC, Jacobabad Mr. Shaukat Soomro	0721-515882 (O) 0761-513594 (R)
DFC Badin, Mr. Khurram Channa	0227-62625	DFC, Thatta	029-771335

ANNEX "A"

FORM "B"

APPLICATION FOR LINCENSE

[See clause 9(i) ante)

1. Applicant's name.
2. Applicant's profession.
3. Applicant's residence.
4. Situation of applicant's place(s) of business with full particulars regarding the number of house or premises, which he wants to get this licence.
5. Place (s) of storage.
6. How long has the applicant been trading in foodgrains mentioned in the Schedule I to this order and any other foodgrains.
7. Quantities of foodgrains handled annual during the past three years.
8. Foodgrains in respect of which licence is required.
9. I have carefully read the conditions of licence given in Form 'A' in Schedule II appended to the West Pakistan Foodgrains (Licensing Control) Order, 1957 and I agree to abide to them.

Date.....

Signature of the applicant.

ANNEX "B"FORM "A"LICENSE

(See clause 8(i))

Licence No.....under the West Pakistan Foodgrains (Licensing Control) order, 1957.

Licences for the purchase, sale or storage for sale of foodgrains.

2. Subject to the provisions of the West Pakistan Foodgrains (Licensing Control) order, 1957, and to the terms and conditions of this Order, Messrs are hereby authorised to act as whole/retail dealers in foodgrains and to purchase, sell or store for sale, foodgrains. The Licencee shall carry on the aforesaid business at the following place(s):

3. The place (s) of storage will be the following:--

4. (i) The Licencee shall maintain a register of daily accounts separately for each foodgrain showing correctly:

- (a) the opening stock on every day (in maunds);
- (b) the quantities in maunds received on each day together with their places of origin;
- (c) the quantities in maunds delivered or otherwise removed on each day showing the place of destination; and
- (d) the closing stock on each day (in maunds).

(ii) The licencee shall submit to the Licencing Authority or any officer authorised by that authority a statement in Form 'D' given in Schedule II to the West Pakistan Foodgrains (Licensing Control) Order, 1957 which statement shall show the receipts and deliveries of each foodgrain separately for the preceding fortnight. This statement shall be submitted by the licencee so as to reach the authority concerned not later than the 20th day of each month for the first fortnight of the month and not later than 5th of the next month for the 2nd fortnight of the said month. .

PUNJAB AMENDMENT: In Punjab, for paragraph (ii) of condition 4, the following paragraph shall be substituted:

- (ii) The licensee shall submit to the Licencing Authority or any other officer authorised by that authority, a statement in Form "D" given in this Schedule, which statement shall show the receipts and deliveries, of each foodgrain separately for the month. This statement shall be submitted by the licensee so as to reach the Authority concerned not later than the 5th day of the succeeding months.

5. The wholesale/retail licensee shall, in the case of each sale by him issue to the customer a correct receipt or invoice, as the case may be, giving his own name address and Licence No. the name, address quantity sold, the price charged per maund and the total amount realized, and shall keep a duplicate of the same to be available for inspection on demand by any authorised officer of Government.

6. The licensee shall prominently display at each of the places mentioned in paragraph 2 above a correct list, written in Urdu, of the prices of each foodgrain separately.

7. The licensee shall give all facilities at the reasonable times to any authorized officer of Government for the inspection of his stocks and accounts at any shop, godown or other place used by him for the storage or sale of any of the above named commodities and for taking of the samples of any of them.

8. The licensee shall comply with any directions that may be given to him by the Government or by the Licencing Authority in regard to the purchase, sale or storage for sale of foodgrains.

Date.....

Licensing Authority
.....District

Note. The licensee's attention is drawn to clause 10 of the West Pakistan Foodgrains (Licencing Control) Order, 1957.

ANNEX "C"

FORM "BB"

APPLICATION TO RENEW LICENSE

[See clause 9 (iv) ante]

1. Applicant's name.
2. Applicant's address.
3. Serial No. of the previous licence.
4. Date of issue of last renewal of the previous licence.
5. Details of godowns reserved for storage of foodgrains under the licence:

Serial No.	Name of Godown	Situation	Name of owner

6. Varieties and quantities of foodgrains purchased/sold during the last year.

Receipt:

Issue:

Balance:

7. No. and date of treasury challan under which the renewal fee prescribed under clause 8 (iv) of the West Pakistan Foodgrains (Licencing Control) Order, 1957 has been credited into Government Treasury.

Note: The treasury challan should be attached in original with this form.

Date Signature.....

Signature of Lincencee
Licence No.



ANNEX "D"

FORM "C"

LICENSE RENEWAL ENDORSEMENT FORM

(See clause 9 (iv) ante)

Serial No.	Date of renewal	Date of expiry	Signature of issuing authority	Remarks
1	2	3	4	5



ANNEX "E"

FORM "D"

FORTNIGHTLY STATEMENT OF STOCKS

(See condition 4(1) of Form 'A' ante)

Return of stocks, receipts and deliveries of for the fortnight ending..... name..... address..... Place (s) of storage..... stock at the beginning of the fortnight.....quantity received during the fortnight

- (a) from persons in the same district
- (b) from persons in other district (s) of the Province
- (c) from persons outside the Province, if any

Total.....

Quantity delivered or otherwise removed during the fortnight:

- (a) to persons in the same district
- (b) to persons in other district (s) in the Province
- (c) to persons outside the Province, if any

Total.....

Date

Signature of the Licencee

License No.



PUNJAB SUBSTITUTION OF FORM "D"

In Punjab, for the existing Form "D" the following shall be substituted:

FORM "D"

(See Condition No.4 (ii) of Form "A 'J

Return of stocks, receipts and deliveries of for the month of19

Name of Licencee

Address of Licencee

Place (s) of storage

Name of foodgrains

.....

figures in maunds

1. Stocks on the first day of the month

2. Quantity received during the month from:

(a) within the District

(b) other District (s) of the Punjab

(c) other Provinces :--

(i) NW.F.P.

(II) Sindh

(iii) Balochistan

Total: --

3. Quantity disposed of during the month:-

To Government

Others

(a) Within the District

.....

.....

(b) in other District(s) in the Punjab

.....

.....

(c) to other Provinces:

(i) NW.F.P.

.....

.....

(ii) Sindh

.....

.....

(iii) Balochistan

.....

.....

Total :-

4. Balance in hand at the end of the month.

Note.-Separate columns should be prepared for wheat, wheat atta, basmati rice irri rice

Date

Signature of the Licencee

Licence No.

