Forward Contracts (Regulation) Act, 1952

Section 2 - DEFINITIONS - In this Act, unless the context otherwise requires,

a) "association" means any body of individuals, whether incorporated or not, constituted for the purpose of regulating and controlling the business of the sale or purchase of any goods, (b)"Commission" means the Forward Markets Commission established under section 3-: (c)"forward contract" means a contract for the delivery of goods 5[* * * *] and which is not a ready delivery contract (d) "goods" means every kind of movable property other than actionable claims, money and securities; (e) "Government security" means a Government security as defined in the Public Debt Act, 1944-; (f) "non-transferable specific delivery contract" means a specific delivery) contract, the right-s or liabilities under which or under any delivery order, railway receipt, hill of lading, warehouse receipt or any oilier document of title relating thereto are not transferable; (g) "option in goods" means an agreement, by whatever name called, for the purchase or sale of a right to buy or sell, or a right to buy and sell, goods in future, and includes a teji, a mandi, a tejimandi, a galli, a put, a call or a put and call in goods; (h) "prescribed" means prescribed by rules made under this Act; (i) "ready (delivery contract" means a contract which provides for the delivery of goods land the payment of a price therefor, either immediately or within such period not exceeding eleven days after the date of the contract and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in respect of any goods, the period under such contract not being capable of extension by the mutual consent of the parties thereto or otherwise;6 [Provided that where any such contract is performed either wholly or in part,- (1) by tendering of the documents 'of title to the goods covered by the contract by any party thereto (not being a commission agent or a hank) who has acquired ownership of the said documents by purchase, exchange or otherwise, to any other person (including a commission agent but not including a bank); or (2) by the realisation of any sum of money, being the difference between the contract rate and the settlement rate or clearing rate or the rate of any offsetting contract; or (3) by any other means whatsoever, and as a result of which the actual tendering of the goods covered by the contract or the payment of the full price therefor is dispensed with, then, such contract shall not be deemed to be a ready delivery contract. Explanation.- For the purpose of this clause,- (i) "bank" includes any banking company as defined in the Banking Regulation Act, 1949, a co-operative bank as defined in the Reserve Bank of India Act, 1934, the Slate Bank ol' India and any of its subsidiaries and any corresponding new bank reconstituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970-; (ii) "commission agent" means a person who, in the ordinary course of business, makes contract for the sale or purchase of goods for others for a remuneration (whether known as commission or otherwise) which is determined in the contract itself or determinable from the terms of the contract, in cither case. only with reference to the quantity of goods or to the price therefor as stipulated in the contract c[(J) "recognised association" means an association to which recognition for the lime being has been granted by the Central Government under Section 6-in respect of goods or classes of goods specified in such recognition; (jj) "registered association" means an association to which for the time being a certificate of registration has been granted by the commission under section 14-B-.] (k) "rules" with reference to the rules relating in general to the constitution and management of an association, includes in the case of an incorporated association its memorandum and articles of association; (l) "securities" includes shares, scrips, stocks, bonds, debentures, debenture-stocks or other marketable securities of a like nature in or of any incorporated company or other body corporate and also Government securities; (m) "specific delivery contract" means a forward contract which provides for the actual delivery of specific qualities or types of goods during a specified future period at a price fixed thereby or to he fixed in the manner thereby agreed and in which the names of both the buyer and the seller are mentioned; (n) "transferable specific delivery contract" means a specific delivery contract which is not a nontransferable specific delivery contract, and which is subject to such conditions relating to its transferability as the Central Government may, by notification in the Official Gazette specify in this behalf (i) "Forward contracts are of three kinds futures contacts transferable specific delivery contracts and non-transferable specific delivery contracts. It will he seen from clause 2 (c) read with clause 18 (now Sections 2 (c) and18-that the scheme of regulation embodied ill this Bill applies to all the three types of contracts Transferable specific delivery contracts are included within the purview of this Bill. because in many trades such types of contracts can also he used as futures contracts for all practical purposes, (lovernmeiil will have the power, however, under Clause 27 (Section 27-) to exempt transferable specific delivery contracts, when their inclusion is likely to cause unnecessary hardship or inconvenience to the trade concerned. In regard to non-transferable specific delivery contracts. The regulatory provisions of the Bill will he made applicable only in such areas and only in respect of such goods or class of goods as are notified by the Central Government. Sub-clause (2) of cl. 18 (now Section 18(3)-, however, empowers the Central Government to extend the application of the regulatory provisions to non-transferable specific delivery contracts in any area to which they do not apply."- S.O.K. (ii) Clause 3 (b) (Sections,2-cl (n).- This clause enables the Central Government to impose conditions regarding the transferability of specific delivery contracts. e of the objects of conferring this power on the Central Government is to limit the number of transfers in the case of such contracts.- S.O.R.