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Government of Pakistan
Directorate General of Trade Organizations
(Office of Regulator of Trade Organizations)
Ministry of Commerce,
State Life Building No. 7, 2nd Floor, Blue Area,
Islamabad.



F. No. 7(16)/2014-TO

Islamabad, the February 17th, 2015

ORDER IN ORIGINAL NO. 04/2015

Passed by Mr. Sajid Hussain Regulator of Trade Organizations

Mr. Ahmed Raza
Versus

All Pakistan Paper Merchants Associations

Present in the hearing

- I. M. Suhail Tipu Advocate on behalf of Complainant
- II. M. Ahmed Raza

...**Appellant/ Complainant**

- I. Ms. Sandara Noor Advocate and Mr. Ghazi Khan Advocate on behalf of All Pakistan Paper Merchants Association.

.....**Respondents**

Date of Hearing: **11-02-2015**

Place of Hearing: **OFFICE OF REGULATOR OF TRADE ORGANIZATIONS
DIRECTORATE GENERAL OF TRADE ORGANIZATIONS, STATE LIFE
BUILDING No. 7, 2ND FLOOR, BLUE AREA, ISLAMABAD.**

Date of issuance of Order: **17-02-2015**

By this Order, the undersigned intends to dispose of a complaint filed by Mr.Ahmad Raza against All Pakistan paper Merchants Association.

2. Brief facts of the case are that All Pakistan paper Merchants Association, hereinafter read as Association, was granted license under Clause d of Sub Section 2 of Section 3 of Trade Organizations Ordinance, 2007 which was subsequently enacted as Trade Organizations Act, 2013. The word "Paper Merchant" has been defined in Articles of Association of the Association to represent an importer, distributor, stockiest, supplier, wholesaler, retailer, broker and or indenter of paper and paper board. The complainant alleged that persons who were not engaged in activities covered by the M&AOA of the Association had been enrolled as members of the Association. By virtue of Article 7 of Articles of Association of the Association, the membership of the association was limited to persons and entities carrying on their businesses as Paper Merchant. The voters list of the Association showed that majority of the members were not paper Merchants. The appellant challenged the voters list before the appropriate forums; however, same were dismissed without addressing the real issue. The office of Regulator of Trade Organizations, inter alia, requested to conduct an inquiry into the affairs of the Association to determine whether the objective members had been validly granted membership of the Association. The subject complaint was forwarded to the Secretary General of the Association with the direction to file comments in the matter vide this Office letter dated 9th December, 2014. The Secretary General vide letter dated 16th December, 2014 furnished comments in the matter stating that complainant also raised this issue at the time of elections for the year 2014-15. The Election Commission of the Association, after affording an opportunity of personal hearing to the complainant, disposed of the complaint with cogent and valid evidences. He further stated that Articles 7 of M&AOA of the Association clearly narrated that any entity carrying out its business as paper merchant exclusively or together with other items could become the members of the Association. The comments received from the Association were forwarded to the complainant for rejoinder vide this Office letter dated 14th January, 2015. The complainant while submitting rejoinder stated that word Paper merchant had clearly been defined and under article 7 of Articles of Association the membership of the Association was limited to persons involved in paper Merchants business. He further stated that eligibility criteria for membership of the Association did not permit persons

involved in related activities to become members of the Association. It was conceded by the Association that objects members were not involved in businesses as Paper Merchants but were related to the businesses of Paper Merchants.

3. In order to decide the complaint, both the parties were directed to appear before the Regulator of Trade Organizations for personal hearing on 11-2-2015 in his Office located at State Life Building No 7 Jinnah Avenue, China Chowk, Blue Area, Islamabad. In compliance thereof, both the parties appeared before the undersigned.

4. During the course of hearing, the complainant reiterated the stance taken in subject complaint stating that there was no membership criteria laid down by the Association and members were enrolled to maneuver elections of the Association. Persons engaged in activities not covered by the aims and objects of the Association were granted memberships by the Secretary General and applications regarding grant of memberships were never placed before the Executive Committee nor any scrutiny committee was formed by the Association to verify whether the members who had applied for grant of memberships fulfill the criteria laid down in M&AOA of the Association. All the decisions in this regard were taken by the Secretary General at his own. He further stated that Annual Tax Returns filed by the members might be perused so that it could be established whether the members were involved in Paper Merchants business or otherwise. The lawyer appeared on behalf of the Association rebutted the position taken by the complainant stating that memberships were granted by strictly adhering to the mandatory provisions of Trade organizations Act, 2013, Trade Organizations Rules, 2013 and M&AOA of the Association. He further stated that activities of the Association had been defined in M&AOA of the Association. He stated that Paper Merchants included an importer, distributor, stockiest, supplier, wholesaler, retailer, broker and or indenter of paper and paper board. It also covered the allied services provided by the persons engaged in this business. He stated that this position was covered under Article 7 of Articles of Associations of the Association which explicitly stated that a sole proprietorship firm or any other company or a business concern would be eligible for membership of the Association provided that it was carrying on business as Paper merchant exclusively or together with other item and fulfilled the criteria as provided in Rule 11 of Trade Organizations Rules, 2013.

However, he did not furnish any satisfactory reply on query whether there was a scrutiny committee established by the Association who processed the applications for grant of memberships or whole process was carried out by the Secretary General without placing the matter before the Executive Committee.

5. After hearing the arguments at length, perusing the relevant record and taking into consideration the relevant provisions of Trade organizations Act, 2013 and Trade Organizations Rules, 2013 and M&AOA of the Association, this forum holds as under:

- i) The complainant has made general allegations on the eligibility of more than seventy members of the Association without furnishing any substantial evidence. Article 7 of Articles of Associations of the Association clearly states that proprietorship firm or any other company carrying on business as paper Merchant exclusively or together with other item is eligible for grant of membership of the Association. The word "Paper Merchant" has also explicitly been defined in Clause (xviii) of Article 2 of Articles of Associations of the Association which states that an importer, distributor, stockiest, supplier, wholesaler, retailer, broker, and or indenter of paper and paperboard qualify as Paper Merchant.
- ii) However, in order to allay the grievances of the complainant, Association is hereby directed to form a scrutiny committee which shall consist of three members of the Association, including the complainant and renewal of memberships for the year 2015-16 shall be made by the Committee after perusing the relevant records of the members in accordance with Sub Rule 5 of Rule 11 of Trade Organizations Rules, 2013 and Clause (xviii) of Article 2 read with Article 7 of Articles of Associations of the Association. Further to this, new application for grant of membership of the Association shall be placed by the Secretary General before the membership committee of the Association consisting of three members to be notified within three days representing nominees from North & South Zone of the Association and case will be placed before the Executive Committee for its approval.

(SAJID HUSSAIN)
Regulator (TO)