

THE RAJASTHAN STATE AID TO INDUSTRIES ACT, 1961

(Act No. 25 of 1961)

(Received the assent of the Governor on the 16th day of October, 1961)

An Act to regulate the giving of aid by the State Government to Industries in the State of Rajasthan.

Be it enacted by the Rajasthan State Legislature in the Twelvth Year of the Republic of India as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Rajasthan State Aid to Industries Act, 1961.

(2) It extends to the whole of the State of Rajasthan.

(3) It shall come into force at once.

2. Definitions.—In this Act, unless the context otherwise requires,—

(1) “Company” means a company incorporated under the Companies Act, 1956 (Central Act 1 of 1956); and

(2) “Industry” means any industrial business or enterprise undertaken or conducted by any person or body of persons ¹[and includes a Co-operative Society as also an Association or a Federation of Industries.]

3. Aid to industries.—No aid shall be given by the State Government to any industry except in accordance with the provisions of this Act.

4. Industries to be aided.—(1) An industry to which aid may be given under this Act shall be such as has an important bearing on the economic development of the State and such industry may be—

(a) a new or nascent industry, or

(b) an industry to be newly introduced into areas where such industry is undeveloped or under developed, or

(c) a cottage or village industry or a small scale industry, or

(d) an old or established industry:

Provided that no aid shall be given to an old or established industry unless the State Government is satisfied that special reasons exist for giving such aid:

¹ Added by section 2 of Rajasthan Act No. 10 of 1969, published in Rajasthan Gazette, Part IV-A, Extraordinary, dated 1-5-1969.

Provided further that no aid shall be given to a company unless it—

- (i) is registered in India on a rupee capital,
- (ii) conforms to such rules as may be made by the State Government from time to time, and
- (iii) has, on its Board or Management, such number of citizens of India as may be prescribed or such number of directors as the State Government may specify.

Explanation:—

- (i) “Cottage Industry” means an industry carried on in any premises to which the Factories Act, 1948 (Central Act 63 of 1948) does not apply and includes dairy farming, beekeeping and keeping of poultry farm.
- (ii) “Small scale industry” means—
 - ²[(a) an industry with a capital investment of not more than Rupees 7.5 lakhs or such amount as may be notified by the State Government from time to time in plant and machinery only irrespective of the number of persons employed therein, or
 - (b) an industry with capital investment not exceeding Rs. 10 lakhs, or such amount as may be notified by the State Government from time to time in plant and machinery and manufacturing ancillary and components of such industry as may be specified in this behalf by the Development Commissioner, Small Scale Industries.]
- (iii) “Village industry” means any industry which forms a normal occupation, whether whole-time or part-time, of any class of the rural population of the State.

(2) The decision of the State Government as to whether the conditions of this section are fulfilled shall be final and shall not be called in question in any court of law.

5. Methods of giving aid.—The State Government or any prescribed officer, authority or person may, subject to such conditions and in such manner as may be prescribed, give aid to an industry in one or more of the following ways, namely:—

- (a) by grant of loan,
- (b) by guaranteeing a cash credit, over draft or fixed advance with a bank, or providing any other credit facility,
- (c) by paying a subsidy for the purchase of implements, tools or machinery in order to conduct research,
- (d) by underwriting or subscribing for shares or debentures,
- (e) by guaranteeing a minimum return on the capital of a company,
- (f) by providing at concessional rates, supply of raw material, fire-wood or water,

² Substituted by section 3 of Rajasthan Act No. 10 of 1969, published in Rajasthan Gazette, Part IV-A, Extraordinary, dated 1-5-1969.

(g) by supply of implements and machinery on hire purchase system or by guaranteeing such purchases,

(h) by supplying at concessional rates, electrical energy from a source which is owned by the State Government, by granting rebate on the rate payable by any industry for supply of electricity to it, or providing subsidy to the Rajasthan State Electricity Board for supply of power to any industry at the rates specified by the State Government or by providing built-in power houses,

(i) by granting, free of charge or on favourable terms, the services of officers and experts in the service of the State Government for starting or advising an industry,

(j) by undertaking establishment of industrial estates,

(k) by granting concessions in, or exemptions from State or local taxes and duties where the law relating thereto authorises such concessions or exemptions,

(l) by running common facility centres or cluster-type training centres or by providing industrial or technical institutions which may be beneficial for the development of industry,

(m) by opening emporia or other demonstration centres or providing facilities for marketing of products,

(n) by giving preference in the purchase of products of an industry,

(o) by providing credit facility to industrial cooperatives,

³(oa) by grant of subsidy to Associations/Federation of Industries,

(ob) by grant of subsidy on Managerial Technical staff engaged by Industrial Co-operatives,

(oc) by grant of subsidy on the construction of new worksheds in rural areas,

(od) by grant of subsidy on purchase of new tools and equipments by Industries in rural areas,

(oe) by grant of subsidy on purchase of raw material or sale of finished products,

(of) by grant of subsidy on export of finished products outside India,

(og) by providing training to artisans and Technicians, and]

(p) by grant of any assistance in any other form which, in the opinion of the State Government, may be conducive for the promotion or development of industries in the State.

6. Power of inspection.—(1) The State Government or any officer authorised by it in this behalf may, by order, require any person in charge of the industry to which aid under the provisions of this Act has been given to furnish such information or to produce such books or accounts and other documents for inspecting at such time and place as may be

³ Inserted by section 4 of Rajasthan Act No. 10 of 1969, published in Rajasthan Gazette, Part IV-A, Extraordinary, dated 1-5-1969.

specified in the order and such person shall comply with such order.

(2) The State Government or such officer may inspect such books of accounts or documents produced and take extract therefrom.

(3) The State Government or the officer making the inspection or any person working under his order shall not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of such industry.

(4) ⁴If any person- (a) fails, without sufficient cause, to comply with an order issued under sub-section (1); or

(b) knowingly discloses or allows to be disclosed any information in contravention of sub-section (3), he shall be liable to monetary penalty which may be extend to fifty thousand rupees, as may be imposed by the competent authority authorised by the State Government:

Provided that no such penalty shall be imposed without giving the person concerned a reasonable opportunity of being heard.

7. Fees.—The State Government may charge from an industry in respect of any applications, inquiries, inspection and audit, such fees as may be prescribed.

8. Power to make rules.—(1) The State Government may from time to time make rules, consistent with this Act, for the purpose of carrying out generally the provisions thereof and regulating any particular matter thereunder which require to be prescribed or in respect of which rules are required to be, or may be, made.

(2) All rules made under this Act shall be laid, as soon as, may be after they are so made, before the House of the State Legislature, while it is in session, for a period of not less than fourteen days which may be comprised in one session or in two successive sessions and, if, before the expiry of the session in which they are to be laid or of the session immediately following, the House of the State Legislature makes any modification in any of such rules or resolves that any such rule shall not be made, such rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however that any such modification or annulment shall be without prejudice to the validity of anything previously done thereunder.

59. Act to be in addition to any other law. — The Provisions of this act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

⁴ Substituted by Rajasthan Jan Vishwas (amendment of provisions) ordinance, 2025 notification dated December 12, 2025.

⁵ Inserted by section 4 of Rajasthan Act No. 10 of 1969, published in Rajasthan Gazette, Part IV-A, Extraordinary, dated 1-5-1969.