

THE HIMACHAL PRADESH STATE AID TO INDUSTRIES ACT 1968
ARRANGEMENT OF SECTIONS

Sections:

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.
2. Definitions.

CHAPTER II

**ESTABLISHMENT OF BOARD OF INDUSTRIES AND
MATTERS CONNECTED THEREWITH**

3. Establishment of Board of Industries.
4. Procedure in default of election of members.
5. Vice-Chairman.
6. Election or appointments to be notified in the Official Gazette.
7. Term of office.
8. Removal of members.
9. Casual vacancies.
10. Allowances and fees.
11. President at meetings.
12. Interested members not to vote.
13. Power of Board to make regulations.
14. Supersession of Board.
15. Duty of Board.
16. Documents and reports to be furnished to the State Government.

CHAPTER III

**GENERAL PROVISIONS REGARDING THE GIVING OF
STATE AID**

17. Forms of State aid.
18. Industries to which several forms of State aid may be given.
19. Application for State aid.

CHAPTER IV

**PROVISIONS REGULATING THE GIVING OF STATE AID
OTHERWISE THAN BY THE SUPPLY OF MACHINERY ON
THE HIREPURCHASE SYSTEM**

20. Power to grant loans.
21. Security for repayment.
22. Loan how repayable.
23. Notice to pay.
24. Effect of declaration. .
25. Execution of declaration.
26. Inspection and returns.
27. Penalty for default in applying the loan.
28. Power to adjust security during currency of loan.
29. Power to recover loans.
30. Appeal.
31. Government guarantee of a minimum return.
32. Subsidies.
33. Disposal of profits when conditions on which State aid is given are not fulfilled.
34. Government control of aided industry.
35. Method of recovery of money due.

CHAPTER V

SUPPLY OF MACHINERY ON HIRE-PURCHASE SYSTEM

36. Percentage of cost to be deposited by hirer.
37. Particulars to be specified in order when application is allowed.
38. Conditions of supply of machinery on hire-purchase system.
39. Consequence of default by hirer.
40. Option of hirer to purchase machinery seized for default.
41. Liability of hirer on termination of hiring under section 39.
42. Termination of hiring on payment of cost of machinery.
43. Penalty for non-removal of metal plate from machinery.
44. Sums due under this Chapter recoverable as loans under Chapter IV.

CHAPTER VI
SUPPLEMENTAL

- 45. Finality of decision of State Government and bar of suits and proceedings in civil and criminal courts.
- 46. Power to make rules.
- 47. Repeal and Savings.

**THE HIMACHAL PRADESH STATE AID TO INDUSTRIES ACT,
1968**

(ACT NO. 2 OF 1971)¹

(Received the assent of the President of India on the 20th January, 1971, and was published in R.H.P. Extra, dated the 26th April, 1971, at P. 263-275.)

Amended, repealed or otherwise affected by-

- (i) A.O.1973, published in R.H.P. Extra., dated the 20th January, 1973, P. 91-112.
- (ii) H.P. Act No. 27 of 1978 assented to by the Governor on 31st May.

**An Act to encourage the development of industries in Himachal Pradesh
by the grant of State aid.**

BEit enacted by the Legislative Assembly of Himachal Pradesh in the Twentieth Year of the Republic of India as follows: -

CHAPTER I
PRELIMINARY

1. Short title, extent and commencement.-(1) This Act may be called the Himachal Pradesh State Aid to Industries Act, 1968.

(2) It extends to the whole of Himachal Pradesh.

(3) It shall come into force on such date² as the State Government may, by notification in the Official Gazette, appoint.

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

(1) "Board" means the Board of Industries constituted under section 3 of this Act.

¹ For Statement of Objects and Reasons, see R.H.P. Extra., dated the 4th December, 1968, p. 1220.

² The Act enforced w.e.f. 19th January, 1973, vide Not. No. 9-7/71 SI (Loans), dated the 9th January, 1973, repro. at the end of this Act.

- (2) “borrower” means an individual, company or association or body of individuals, whether incorporated or not, to whom or to which State aid has been granted under this Act;
- (3) “company” means a company as defined in the Companies Act, 1956;
- (4) “Director” means the Director of Industries, Himachal Pradesh and includes any officer authorised by the State Government to perform all or any of the functions of the Director under this Act;
- (5) “industry” means any industrial business or enterprise conducted or undertaken either by an individual or by a company, association or body of individuals, whether incorporated or not;
- (6) “cottage industry” means any industry that is carried on in a place which is not a factory for the purposes of the Factories Act, 1948.
- (7) “village industries” means any industry which for the normal occupation, whether whole-time or part-time, of any class of the rural population of the State;
- (8) “machinery” includes plant, apparatus, tools and other appliances required for the purpose of carrying on any industrial operation or process;
- (9) “Official Gazette” means Rajpatra, Himachal Pradesh;
- (10) “prescribed” means prescribed by rules made under this Act;
- (11) “State” means the ³[State of Himachal Pradesh], and
- (12) “State Government” means the Government of Himachal Pradesh.

CHAPTER II

ESTABLISHMENT OF BOARD OF INDUSTRIES AND MATTERS CONNECTED THEREWITH

3. Establishment of Board of Industries.-(1) For carrying out the purposes of this Act, the State Government shall, as soon as possible, after the commencement of this Act, establish Board⁴ to be called the “Board of Industries” consisting of the following members, namely:-

- (a) the Chairman to be nominated by the State Government;
- (b) the Director;
- (c) the Managing Director, Himachal Pradesh Financial Corporation;

³Subs. for ‘Union territory of Himachal Pradesh’ by A.O. 1973.

⁴ The Board constituted vide Not. No. 7-2/73-SI (Loan) dated the 31st August, 1973, (Appended).

- (d) three non-official members to be appointed by the State Government; and
- (e) three members to be elected by the Legislative Assembly of Himachal Pradesh from amongst members of the Assembly, election being in accordance with principle of proportional representation by means of the single transferable vote:

Provided that the Board shall have power to invite for consultation on any particular question before it, not more than three persons specially qualified to advise on the matter in question or having special knowledge of local conditions in the area where the industry in question is situated. Any person so invited by the Board shall not have the right to vote.

(2) The Director shall be ex-officio Secretary of the Board.

(3) Four members of the Board shall form a quorum.

4. Procedure in default of election of members.-If by such date as may be fixed by the State Government, the Legislative Assembly of Himachal Pradesh does not elect any member to be elected by it under the provisions of clause (e) of section 3 (1), the State Government shall appoint a member of that Assembly to be a member of the Board, as if he had been duly elected under that clause.

5. Vice-Chairman.-The Board may, from time to time, elect, for such period as it thinks fit, one of its members to be the Vice-Chairman.

6. Election or appointments to be notified in the Official Gazette.-The names of the Chairman, Vice-Chairman and of the appointed and elected members of the Board shall be published by the State Government in the Official Gazette.

7. Term of office.-(1) The Vice-Chairman or any other appointed or elected member may resign his office by giving notice in writing to the Chairman.

(2) (a) Subject to the provisions of this Act, an appointed member shall hold office for five years unless the State Government otherwise directs; and an elected member shall hold office for five years or until such time as he ceases to be a member of the body electing him, whichever is shorter.

(b) An outgoing member may, if otherwise qualified, be re-elected or re-appointed.

(3) Notwithstanding the expiration of the term mentioned in subsection (2), an appointed or elected member shall continue to hold office until the vacancy caused by the expiration of the said term has been filled, provided that no vacancy shall be allowed to remain unfilled for more than six months.

8. Removal of members.-(1) The State Government may, by notification, in the Official Gazette remove the Chairman, Vice-Chairman or any member of the Board if he-

- (a) refuses to act or becomes incapable of acting as a member of the Board; or (b) is declared insolvent; or
- (c) is convicted of any such offence, or is subjected by a criminal court to any such order, as in the opinion of the State Government implies a defect of character which unfits him to continue to be a Chairman, Vice-Chairman, or member of the Board, provided that before the State Government notifies the removal of a member under this sub-section, the reason for his proposed removal shall be communicated to the member concerned and he shall be given an opportunity of tendering an explanation in writing;
- (d) without excuse, sufficient in the opinion of the State Government, is absent, without the consent of the Board, from more than four consecutive meetings of the Board.

(2) The State Government may fix a period during which any person so removed under clause (b) or (c) of sub-section (1) of this section shall not be eligible for re-appointment or re-election.

9. Casual vacancies.—When the place of any member of the Board becomes vacant by his removal, resignation or death, a new member shall be appointed by the State Government:

Provided that if the place of any member elected by the Legislative Assembly of Himachal Pradesh becomes vacant, the Assembly shall elect another member, in his place, election being in accordance with the principle of proportional representation by means of the single transferable vote:

Provided further that any person so appointed under this section shall be subject to retirement at the same time as if he had become a member of the Board on the day on which the member of the Board in whose place he is appointed was last appointed a member of the Board:

Provided further that no act of the Board or of its officers shall be deemed to be invalid by reason only that the number of members of the Board at the time of performance of such act was less than the number provided by section 3.

10. Allowances and fees.—The members of the Board and the members of committees, which may be appointed by the Board, when necessary, shall be paid travelling allowance of the prescribed amount and on the prescribed conditions for attending meetings of the Board, or for performing any duty assigned to them by the Board for the purposes of this Act.

11. President at meetings.—(1) The Chairman or, in his absence, the Vice-Chairman shall preside at every meeting of the Board, and shall have a second or casting vote in all cases of equality of votes.

(2) In the absence of both the Chairman and the Vice-Chairman, the members present at any meeting may elect one of the members to preside,

who shall have a second or casting vote in all cases of equality of votes.

12. Interested members not to vote.—No member of the Board shall vote on any question coming before the Board for consideration in which (otherwise than in its general application to all persons and properties within the State) he has a pecuniary interest.

Explanation.—In case of any question arising whether a member has or has not a pecuniary interest, the decision of the Chairman shall be final.

13. Power of Board to make regulations.—(1) The Board may make regulations, consistent with this Act and the rules made thereunder, for the carrying out of all or any of its purposes.

(2) In particular and without prejudice to the generality of the foregoing power, the Board may make regulations regulating or determining all or any of the following matters, namely:—

- (i) the time and place of its meetings;
- (ii) the manner in which notice of meetings shall be given;
- (iii) the conduct of proceedings at meetings;
- (iv) the division of duties among the members of the Board; and
- (v) the appointment, duties and procedure of special committees consisting wholly of members of the Board or partly of such members and partly of other persons.

14. Supersession of Board.—(1) If at any time it appears to the State Government that the Board is not properly performing the duties imposed upon it by or under this Act, the State Government may, after considering any explanation offered by the Board, by an order in writing specifying the reasons for so doing, dissolve the Board and direct that the vacancies shall thereupon be filled by election in respect of elected members and by appointment in respect of appointed members in the manner indicated above.

(2) From the date of an order under sub-section (1) until the vacancies are filled, all powers and duties of the Board shall be exercised and performed by such person in such manner as the State Government may direct.

15. Duty of Board.—It shall be the duty of the Board—

- (a) to report to the State Government, after such enquiry, if any, as it deems necessary or as may be required by this Act, on applications for State aid that may be referred to it for advice by the State Government or any officer authorised in this behalf by it; and
- (b) to advise the State Government on any matter that may be referred to it:

Provided that the State Government shall not sanction State aid

without reference to the Board except in the case of a loan the amount of which does not exceed Rs. 30,000.

16. Documents and reports to be furnished to the State Government .-If the State Government so directs, the Secretary shall forward to the State Government any document and prepare and submit any report relating to the work of the Board.

CHAPTER III

GENERAL PROVISIONS REGARDING THE GIVING OF STATE AID

17. Form of State aid.-The forms of State aid which may be given may include the following, namely:-

- (a) the grant of a loan;
- (b) the grant, sale or lease on favourable terms, of land, raw material, water or any other property right vested in the State Government for the purposes of the State Government.
- (c) the guarantee to the cash credit, overdraft or fixed advance with a Bank;
- (d) the supply of machinery on the hire-purchase system;
- (e) the guarantee of a minimum return on the whole or part of the capital of a joint stock company for a period fixed in accordance with the rules made under this Act;
- (f) under-writing the issue of stock, shares, bonds or debentures by the limited joint stock company;
- (g) the acquisition of shares or debentures, provided that the amount paid by the State Government for such shares or debentures shall not exceed the amount already paid by another person or shares and debentures in the same industry;
- (h) the grant, free of charge, or on favourable terms, of the services of experts or persons in the service of the State Government or starting or advising an industry;
- (i) the payment of subsidy-
 - (i) in the case of any large-scale or medium-scale industry for the conduct of research;
 - (ii) in the case of any small-scale industry for one or more of the following purposes, namely:-
 - (a) purchase of land, machinery and equipment;
 - (b) the construction of factory building, godowns, water supply, ware-houses;
 - (c) the making of technical improvements in the machinery in

actual use in the industry;

- (d) the employment of sufficient managerial and supervisory personnel for a limited period;
- (e) the training of workers employed in the industries;
- (f) the conduct of research; and
- (g) supply of electric energy at concessional rate from a source which is the property of the State Government, in a manner prescribed in the rule.

18. Industries to which several forms of State aid may be given.-

State aid may be given to-

- (a) a new or nascent industry;
- (b) an industry to be newly established in an area where such industries are undeveloped; or
- (c) a cottage industry or village industry; or
- (d) an industry which needs revival, or development by modern methods.

19. Application for State aid.-Applications for State aid shall be made to the Director in such form, and shall contain such information, as may be prescribed.

CHAPTER IV

PROVISIONS REGULATING THE GIVING OF STATE AID OTHERWISE THAN BY THE SUPPLY OF MACHINERY OF THE HIRE-PURCHASE SYSTEM

20. Power to grant loans.-Loans granted under this Chapter subject to the sanction of the State Government given after consultation with the Finance Department, provided that in regard to loans not exceeding a prescribed amount, the State Government may make rules delegating its powers to such authority or officers as it deems fit.

21. Security for repayment.-(1) (a) On the acceptance of an application for a loan, the applicant shall execute a deed in the prescribed form, undertaking to apply the loan to the purpose for which, and to fulfil the conditions on which, the loan was granted, rendering himself and such property as may have been specified in the deed as security, including machinery or any building constructed, with aid of the loan and in the event of such property being found insufficient, rendering the whole of his property liable for the repayment of the loan with interest and costs, if any, incurred by the State Government in making or recovering the loan.

(b) No transfer, assignment or charge made or created after the execution of the deed, in relation to the property specified therein or machinery purchased or building constructed with the aid of a loan, shall be valid against the State Government unless it has been made or created with the

previous consent in writing of the authority sanctioning the loan.

(2) When the application has been made by a firm or company, the deed shall be executed by a duly authorised representative thereof, and the deed shall thereupon be deemed binding on the said firm or company and the property of the said firm or company shall be liable for the repayment of the loan in the same manner as if the loan had been granted to an individual.

22. Loan how repayable.—The loan together with all interest thereof, if any, shall be repayable either in a lump sum or by instalments as may be provided for in the deed executed by the borrower under section 21.

23. Notice to pay.—(1) When any loan or instalment or interest thereon falls due and is not paid on or before the due date or when a loan has been declared immediately repayable under section 27, the officer empowered by the State Government in this behalf may cause to be served on the borrower, a notice, in the prescribed manner, calling upon him to pay the sums due or to show cause within such time as may be fixed therein.

(2) Such notice shall contain an intimation that in case of default the said officer will issue a declaration in a prescribed form showing the amount of the debt due and the property mentioned in the deed as liable to satisfy the same.

24. Effect of declaration.—(1) If, within the time so fixed, the sums due are not paid or no cause is shown to the satisfaction of the officer empowered under section 23, the said officer may issue the declaration as described in sub-section (2) of the same section, and such declaration shall be published in the Official Gazette.

(2) Such declaration shall be conclusive evidence of its contents, and shall not be called in question in any court by the borrower, his heirs, legal representatives or assigns, or by any member of his family if he belongs to a Joint Hindu Family nor shall any right, principle or rule arising from or under the personal or customary law applicable to the said persons or any of them affect the validity or effectiveness of a mortgage executed or of a declaration published under this Act, or the procedure therein provided for enforcement thereof.

(3) Such declaration may be produced by the said officer, or by such other person as he may either generally or specially appoint in this behalf, before the principal civil court of original jurisdiction within the local limits of whose jurisdiction any of the property liable for the debt due is situated, in the same manner as a decree of which execution is sought.

25. Execution of declaration.—When declaration has been received by a civil court under section 24, the court shall immediately attach the property mentioned in the declaration and shall pass an order directing that, unless the amount mentioned in the declaration is paid within such time, not exceeding two months, as the court may consider reasonable, it may be recovered by sale of the property mentioned in the declaration as if it were a decree for the payment of money passed by the said court in the exercise of its

ordinary civiljurisdiction.

26. Inspection and returns.-In any ease in which an application for a loan has been made under this Chapter, the applicant and, at any time during the currency of a loan that has been granted, the borrower shall be bound:-

- (a) to comply with any general or special order of the Director relating to the inspection of the premises, building, machinery and stock-in-hand of the industry;
- (b) to permit the inspection of all accounts relative to the industry;
- (c) to furnish full returns of all products manufactured or sold, bothas regards description and quantity;
- (d) to maintain such special accounts and to furnish such statementsas the Director may, from time to time, require; and
- (e) to submit the accounts of the industry to such audit as the Directormay prescribe.

27. Penalty for default in applying the loan.-If the Director, after any inspection provided for in section 26, is not satisfied that the money lent is being applied to the purpose or purposes for which the loan was granted or that the conditions on which the loan was granted are being duly fulfilled, he may declare, notwithstanding anything contained in the deed executed under section 21, that the loan is immediately repayable and shall give notice of suchdeclaration to the borrower.

28. Power to adjust security during currency of loan.-Ifat any time during the currency of the loan, the value of the securityfalls below the outstanding balance of the loan, the Director may either proceed to recover in the manner laid down in sections 23, 24 and 25 so much of such balance as is not adequately covered by the then existing value of the security or accept such additional or collateral security as he may deem sufficient.

29. Power to recover loans.-Ifthe borrower fails to comply with any order under clause (a) of section 26 or does not permit or obstructs the inspection of the accounts relative to the industry or makes default in respect of anyof the particulars specified in clauses (c), (d) and (e) of the said section, or if the borrower disposes of profits in contravention of the provisions of section 33, the Director may, after considering any representation the borrower may make within such time as the State Government may allow in this behalf, proceed to recover the loan in the manner laid down in sections 23, 24 and 25.

30. Appeal.-Within 30 days of the receipt of a notice under sections 27, 28 and 29, the borrower may appeal against such order to the State Government and the decision of the State Government thereon shall be final.

31. Government guarantee or a minimum return.- The conditions of a guarantee by the State Government of a minimum return on the whole or part of the capital of joint stock company shall be-

- (a) that the industry shall be subject to the conditions of section 26 in respect of inspection, returns and accounts;
- (b) that a minimum portion of the authorised capital of the industry to be fixed according to the circumstances of each case has been subscribed and paid in cash;
- (c) that no such guarantee shall, in any case, extend beyond a period of 5 years;
- (d) that during the period to which the guarantee extends, the State Government may impose on such persons as it considers to be directly concerned in the promotion of the company, a condition that if they transfer any of their shares without the consent of the State Government, they shall be liable jointly and severally to refund to the State Government any sums paid to the company in fulfilment of the guarantee;
- (e) That the State Government shall be entitled to recover the whole or any part of the sum paid by the State Government on account of such guarantee with interest at the rate in force on the date of the agreement for loans granted under the Land Improvement Loans Act, 1883, (19 of 1883) at any time after such period as may have been laid down in the agreement, provided that the State Government is satisfied that the company is paying or is able to pay interest or a dividend upon the capital shown as paid up in excess of such rate as may be fixed in the agreement and such recovery shall be made in the manner laid down in sections 23, 24 and 25:

Provided that the sum recoverable by the State Government in any one year shall not exceed a sum equal to half the net profits made by the company in the preceding year in excess of the sum required for the payment of interest or dividend at the rate fixed in the agreement.

32. Subsidies.-A subsidy to an industry as per clause (i) of section 17 may be granted by the State Government on such conditions as may be prescribed in this behalf.

33. Disposal of profits when conditions on which State aid is given are not fulfilled.-No borrower shall pay any dividend or distribute or take any profits in excess of such percentage rate upon the amount of the capital of the industry as the State Government may, from time to time, fix, until the conditions on which the State aid has been granted are fulfilled.

34. Government control of aided industry.-Notwithstanding anything contained elsewhere in this Chapter, the State Government may, by the appointment of its own directors or otherwise, exercise such conduct of the industry to which the State aid has been given as shall suffice, in its opinion, to safeguard its interests, provided that such right has been expressly reserved by agreement at the time the aid was granted.

35. Method of recovery of money due.-Notwithstanding anything

contained in sections 23, 24 and 25, any amount payable to the State Government under this Act including interest chargeable thereon and costs, if any, incurred, may, with the previous sanction of the State Government, be recovered as arrears of land revenue.

CHAPTER V

SUPPLY OF MACHINERY ON HIRE-PURCHASE SYSTEM

36. Percentage of cost to be deposited by hirer.-No machinery shall be supplied by the State Government on the hire-purchase system unless the applicant therefor deposits with the Director such percentage of the cost thereof as may be prescribed, and furnishes security for the unpaid portion of such cost in the same manner as for a loan granted under the provisions of Chapter IV.

37. Particulars to be specified in order when application is allowed.-When an application is allowed, the Director shall, subject to, and in accordance with, any rules that may be made under this Act, make an order specifying the following particulars, namely:

- (a) the amount of each instalment of rent to be paid for the hire of the machinery and the number of such instalments to be paid before the machinery shall become the property of the hirer;
- (b) the amount of interest, if any, to be paid with each instalment of rent on the remaining unpaid instalments;
- (c) the dates on which, and the manner in which the aforesaid payments shall be made; and
- (d) such other particulars as may be prescribed.

38. Conditions of supply of machinery on hire-purchase system.-Until the hiring is terminated in the manner hereinafter provided, the following provisions shall apply,- namely:-

- (a) the hirer shall pay punctually and without demand the instalments of rent and amount of interest specified in the order referred to in section 37;
- (b) the hirer shall retain the machinery in his own possession in good and serviceable order and condition and shall not, without the previous written consent of the Director, make any addition thereto, or alteration therein, nor remove the machinery or any part thereof from the premises specified in the application for the supply thereof;
- (c) the machinery shall remain the sole and absolute property of the State Government and any transfer thereof or assignment of any right, title or interest therein or the creation of any mortgage, encumbrance or any other charge thereon by the hirer shall be void as against the State Government unless it has been made with the previous written consent of the Director;

- (d) the machinery shall not be liable to distraint, attachment or sale by any process under any law for the time being in force, otherwise than under this Act;
- (e) the machinery shall bear a metal plate in the prescribed form, and any person who wilfully removes or defaces such plate shall be liable to a fine not exceeding five hundred rupees. It shall be presumed, until the contrary is proved, that machinery bearing such metal plate is the property of the State Government hired out under this Chapter;
- (f) the hirer shall permit the Director or any person authorised by the Director in this behalf to inspect the machinery at all reasonable times, and the Director or such other person shall have all such powers of entry as may be necessary for the purpose of making an inspection; and
- (g) in addition to the foregoing conditions, the hirer shall be bound by such other conditions consistent therewith as may be prescribed by rules made under this Act, or maybe imposed by the Director in any particular case.

39. Consequence of default by hirer.-If the hirer makes default in paying the rent of the machinery or any sum payable as interest or any other charges due from him under this Chapter or fails to comply with any of the conditions which are contained in, or may be imposed under, section 38, the Director may, after giving him 16 days notice, terminate the hiring and he or any other officer authorised by him in this behalf may thereupon enter the premises in which the machinery is for the time being kept, whether such premises belong to the hirer or not, and seize and take away the same.

40. Option of hirer to purchase machinery seized for default.-(1) If the machinery is seized and taken away under section 39, the hirer shall have the option to be exercised within one month after such a seizure or such longer period as may be allowed by the Director in this behalf, of purchasing the same by payment to the Director, of the unpaid balance of the cost thereof together with such other amount as may be due, and the cost of, and expenses incidental to, such seizure and removal.

(2) If, within the period specified in sub-section (1), the hirer does not exercise the option of purchase, the Director shall proceed to dispose of the machinery.

41. Liability of hirer on termination of hiring under section 39.-If the Director terminates the hiring under section 39 and the hirer does not purchase the machinery under section 40, the hirer shall not be entitled to the refund of the sum deposited by him under section 36 or to the refund or remission of any payment made by or due from him during the hiring, and shall be liable to pay such amount, if any, as the Director may determine in respect of any loss caused by the disposal of the machinery under sub-section (2) of section 40.

42. Termination of hiring on payment of cost of machinery.--

When, after credit has been given for the amount deposited under section 36, the hirer has paid in full all the instalments of rent mentioned in clause (a) of section 37 and the amount of interest, costs and other charges payable by him under this Chapter, he shall become the owner of the machinery and shall thereupon remove from the same the metal plate mentioned in clause (e) of section 38 :

Provided that if, at any time during the hiring, the hirer pays in advance the remaining Instalments of rent, the interest payable in respect thereof shall be remitted.

43. Penalty for non-removal of metal plate from machinery.- If the hirer wilfully omits, after receiving due notice, to remove the metal plate from any machinery which has become his property under section 42, he shall be liable to a fine not exceeding fifty rupees.

44. Sums due under this Chapter recoverable as loans under Chapter IV.- All sums payable under this Chapter shall be recoverable in the same way as loans under Chapter IV.

CHAPTER VI

SUPPLEMENTAL

45. Finality of decision of State Government and bar of suits and proceedings in civil and criminal courts.-(1) The decision of the State Government as to whether the conditions laid down in or under any of the provisions of this Act have been satisfied, shall be final, and no suit shall be brought in any civil court to set aside or modify any order made thereunder.

(2) No prosecution, suit or other proceeding shall lie against any Government officer or other authority vested with powers under this Act for anything in good faith done or intended to be done thereunder.

46. Power to make rules.-(1) The State Government may after previous publication, make rules, consistent with this Act, for the carrying out of all or any of its purposes.

(2) In particular and without prejudice to the generality of the foregoing power, the State Government may make rules regulating or determining all or any of the following matters, namely:-

- (a) regulating the travelling allowance under section 10;
- (b) the manner of making application for State aid under section 19;
- (c) the delegation of power to give loans under section 20;
- (d) the form of deed to be executed under section 21;
- (e) the nature and amount of the security to be taken under sections 21 and 36 for the due application and repayment of the State aid or rents together with all interest due thereon, if any, and the rate of interest at which and the conditions under which State aid may be

granted:

Provided that where the security consists whole or in part of the premises, machinery, stock stores or other property, present or future, movable or immovable of the industry concerned, then the whole of such property, present and future, movable and immovable, may be made liable for the recovery of the loan and all interest due thereon, if any;

- (f) the inspection under section 26 of the premises, buildings, machinery and stock-in-hand and the mode of keeping and auditing the account and of furnishing returns of any industry in respect of which State aid has been given;
- (g) the manner in, and the place at, which notices or order may be served on any borrower;
- (h) the form of the declaration to be used under section 24;
- (i) the fixing of the period for the repayment of loans;
- (j) the application under section 33 of profits in the case in which the conditions on which State aid has been given, have not been fulfilled ;
- (k) the appointment and functions of directors appointed by the State Government under section 34 and the prescribing of other methods of control of industries to which State aid has been given ;
- (l) the percentage of the cost of machinery to be deposited under section 36;
- (m) the additional particulars to be specified in the order referred to in section 37 and the condition on which machinery may be supplied on the hire-purchase system;
- (n) the form of the metal plate referred to in clause (e) of section 38;
- (o) the form of notice under section 39;
- (p) the recovery of any sums payable under this Act; and
- (q) all other matters pertaining to the working of this Act.

(3) Every rule made under this Act shall be laid, as soon as may be after it is made, before the Legislative Assembly while it is in session for a total period of not less than fourteen days which may be comprised in one session or in two or more successive sessions and if before the expiry of the session in which it is so laid or the sessions aforesaid, the Assembly makes any modification in the rule or decides that the rule should not be made, the 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 under that rule.

47. Repeal and savings.-(1) The Punjab State Aid to Industries Act,

1935 (5 of 1935), as in force in Himachal Pradesh is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken, including, any orders, and notifications issued or rules made in exercise of the power conferred by or under the repealed Act, shall, to the extent of being consistent with the provisions of this Act, be deemed to have been done, taken, issued, or made, in exercise of the powers conferred by or under the corresponding provisions of this Act.

(3) All the loans granted or deemed to have been granted under the Act repealed under sub-section (1) and all documents executed in connection therewith shall be deemed to have been granted and executed under the provisions of this Act and the rules made or deemed to have been made thereunder, and the recovery thereof shall be effected accordingly.
