

Repealed by Act 58 of 1960, S. 24 S.A. I (W. of 26-12-60)

Industrial and State Financial Corporations (Amendment) [ACT 28

THE INDUSTRIAL AND STATE FINANCIAL CORPORATIONS (AMENDMENT) ACT, 1955

ACT No. 28 OF 1955

[10th September, 1955]

An Act further to amend the Industrial Finance Corporation Act, 1948, and the State Financial Corporations Act, 1951.

Enacted by Parliament in the Sixth Year of the Republic of India as follows:—

Short title and commencement.

1. (1) This Act may be called the Industrial and State Financial Corporations (Amendment) Act, 1955.

(2) It shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint.

Amendment of section 1.

2. In sub-section (2) of section 1 of the Industrial Finance Corporation Act, 1948 (hereinafter referred to as the principal Act), the words "except the State of Jammu and Kashmir" shall be omitted.

Amendment of section 2.

3. In clause (c) of section 2 of the principal Act, for the words "and engaged", the words "which is engaged or is to be engaged" shall be, and shall be deemed always to have been, substituted.

Amendment of section 3.

4. In sub-section (2) of section 3 of the principal Act, for the words "acquire and hold", the words "acquire, hold and dispose of" shall be substituted.

Amendment of section 6.

5. In sub-section (1) of section 6 of the principal Act, the words "with the assistance of an Executive Committee and a Managing Director" shall be omitted.

Omission of sections 7, 8 and 9.

6. Section 7, section 8 and section 9 of the principal Act, shall be omitted.

Amendment of section 10.

7. In section 10 of the principal Act,—

(a) in sub-section (1),—

(i) for clause (a), the following clauses shall be substituted, namely:—

"(a) a Chairman to be appointed by the Central Government after consultation with the Board;

(aa) four Directors nominated by the Central Government;"

(ii) clauses (f) and (g) shall be omitted;

(iii) the provisos shall be omitted;

(b) sub-section (2) shall be omitted.

¹ 18th September, 1955, vide Notification No. S.R.O. 1983, dated 12th September, 1955, Gazette of India Extraordinary, Part II, Section 3, p. 1995.

8. After section 10 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 10A.

"10A. (1) The Chairman of the Board shall receive such salary and allowances as may be determined by the Board with the approval of the Central Government.

Chairman of the Board.

(2) The Chairman shall hold office for three years or until his successor is appointed and shall be eligible for reappointment.

(3) The Chairman shall exercise such powers and discharge such duties as are assigned to him by this Act or as may be delegated to him by the Board.

(4) If the Chairman is of opinion that circumstances exist which render it necessary for him to take immediate action in respect of any matter which is within the competence of the Board or of the Central Committee and that the interests of the Corporation may be prejudicially affected if such action is deferred until after the next meeting of the Board or of the Central Committee, as the case may be, then, notwithstanding anything contained in sub-section (3), the Chairman may take such action in respect of that matter as he deems necessary and for such purpose, he may exercise all powers and do all acts and things which may be exercised or done by the Board or the Central Committee, but in every such case, he shall, as soon as may be, after the action is taken, make a written report to the Board or the Central Committee containing a statement of the action taken and the circumstances under which it was taken."

9. For sub-section (4) of section 11 of the principal Act, the following sub-section shall be substituted, namely:—

Amendment of section 11.

"(4) Directors shall be paid such fees for attending the meetings of the Board, and, if they are members thereof, of the Central Committee, as may be prescribed:

Provided that nothing in this sub-section shall apply to the Chairman or to any other Director who is a servant of the Government."

10. In clause (a) of section 12 of the principal Act, for the words "the Managing Director or the Deputy Managing Director", the words "the Chairman" shall be substituted.

Amendment of section 12.

11. For sub-section (1) of section 13 of the principal Act, the following sub-section shall be substituted, namely:—

Amendment of section 13.

"(1) The Central Government may at any time remove the Chairman from office."

Substitution of new section for section 13A. 12. For section 13A of the principal Act, the following section shall be substituted, namely:—

Casual vacancy of Chairman.

“13A. If the Chairman of the Board is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Central Government may, after consultation with the Board, appoint another person to act in his place during his absence.”

Substitution of new sections for sections 14, 15 and 16.

13. For section 14, section 15 and section 16 of the principal Act, the following sections shall be substituted, namely:—

Central Committee.

“14. (1) There shall be established a Central Committee which shall consist of—

(a) a Chairman,

(b) two Directors elected by the nominated Directors, and

(c) two Directors elected by the elected Directors.

(2) The Chairman of the Board shall be the Chairman of the Central Committee.

(3) A Director elected to be a member of the Central Committee shall hold office as such for the rest of his term of office as Director for which he is so elected.

(4) Subject to such general and special directions as the Board may from time to time give, the Central Committee shall be competent to deal with any matter within the competence of the Board.

(5) The minutes of every meeting of the Central Committee shall be laid before the Board at its next following meeting.

Advisory Committees.

15. The Corporation may from time to time appoint one or more Advisory Committee or Committees for the purpose of assisting the Corporation in the efficient performance of its functions and in particular, for the purpose of securing that those functions are exercised with due regard to the circumstances of, conditions prevailing in, and requirements of, particular areas or industries.

Appointment of officers; advisers, etc.

16. The Corporation may appoint a General Manager and such other officers, employees and advisers as it considers necessary for the efficient performance of its functions under this Act.”

14. In section 17 of the principal Act,—

Amendment
of section 17.

(a) in sub-section (1),—

(i) for the words "Executive Committee", the words "Central Committee" shall be substituted;

(ii) in the proviso, for the words "the Managing Director", the words "the Chairman" shall be substituted

(b) in clause (b) of sub-section (2), for the words "Executive Committee", the words "Central Committee" shall be substituted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) At a meeting of the Board or of the Central Committee each Director or member of the Committee, as the case may be, shall have one vote, and in the event of an equality of votes, the Chairman or, in his absence, any other person presiding shall have a second or casting vote."

(d) for sub-section (5), the following sub-section shall be substituted, namely:—

"(5) If for any reason the Chairman is unable to be present at a meeting of the Board or of the Central Committee, a director or member of the Committee as the case may be, authorised by the Chairman in writing in this behalf, shall preside at that meeting and in default of such authorisation, the Board or the Central Committee may elect a Director or member of the Committee, as the case may be, to preside at that meeting."

15. In section 21 of the principal Act, for sub-section (3), the following sub-sections shall be substituted, namely:—

Amendment
of section 21.

"(3) The Corporation may, for the purpose of carrying out its functions under this Act, borrow money from the Reserve Bank,—

(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date on which the money is so borrowed, against securities of the Central Government or of any State Government; or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date on which the money is so borrowed, against securities of the Central Government of any maturity or against bonds and debentures issued by the Corporation under sub-section (1) and guaranteed by the Central Government and maturing within a period not

exceeding eighteen months from the date on which the money is so borrowed:

Provided that the amount borrowed by the Corporation under clause (b) shall not at any time exceed three crores of rupees in the aggregate.

(4) The Corporation may also, for the purpose of carrying out its functions under this Act, borrow money from the Central Government on such terms and conditions as may be agreed upon:

Provided that the total amount borrowed by the Corporation from the Central Government under this sub-section and from the Reserve Bank under clause (b) of sub-section (3) together with the amount of bonds and debentures issued under sub-section (1) and outstanding shall not at any time in the aggregate exceed five times the amount of the paid-up share capital and the reserve fund of the Corporation."

Amendment of section 23. 16. In clause (d) of sub-section (1) of section 23 of the principal Act, for the words "and in any case within a period of seven years from the date of such acquisition", the words "but in no case, the stocks, shares, bonds or debentures so acquired shall be retained beyond a period of seven years from the date of such acquisition, except with the permission of the Central Government" shall be substituted.

Amendment of section 25. 17. In sub-section (2) of section 25 of the principal Act, for the words "a Director", the words "one or more Directors" shall be substituted.

Amendment of section 26. 18. In section 26 of the principal Act, in the proviso, for the words "any shares", the words "any stock, shares" shall be substituted.

Amendment of section 28. 19. In section 28 of the principal Act,—

- (a) in sub-section (1), for the words "right to sell", the words "right to transfer by way of lease or sale" shall be substituted;
- (b) in sub-section (2),—
 - (i) the words "of sale and realisation" shall be omitted;
 - (ii) for the words "as if the sale", the words "as if the transfer" shall be substituted;
- (c) in sub-section (3A),—
 - (i) for the words "sold or realised", the words "transferred and realised" shall be substituted;
 - (ii) for the words "sale or realisation" occurring in both places, the words "or transfer and realisation" shall be substituted.

20. In section 30 of the principal Act,—

Amendment
of section 30:

(a) in sub-section (1), after the words "without prejudice to the provisions", the words and figures "of section 28 of this Act and" shall be inserted;

(b) after sub-section (10), the following sub-section shall be inserted, namely:—

"(10A) An order under this section transferring the management of an industrial concern to the Corporation shall be carried into effect, as far as may be practicable, in the manner provided in the Code of Civil Procedure, 1908 for the possession of immovable property or the delivery of movable property in execution of a decree, as if the Corporation were the decree-holder."

V of 1908.

21. After section 40 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
40A.

"40A. The Board may, by general or special order, delegate to the Chairman or any officer of the Corporation, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and duties under this Act as it may deem necessary."

Delegation
of powers.

22. In sub-section (2) of section 43 of the principal Act,—

Amendment
of section 43.

(a) in clause (e), for the words "Executive Committee", the words "Central Committee" shall be substituted;

(b) after clause (e), the following clause shall be inserted, namely:—

"(ee) the delegation of powers and functions of the Board to the Chairman or to officers of the Corporation;";

(c) for clause (k), the following clause shall be substituted, namely:—

"(k) the duties and conduct, salaries, allowances and conditions of service of officers and other employees and of advisers and agents of the Corporation;";

(d) in clause (n), after the words "this Act", the words "fees for attending meetings thereof and the conduct of business thereat" shall be inserted.

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of 1951.

23. In clause (c) of section 2 of the State Financial Corporations Act, 1951, after the word "engaged", the words "or to be engaged" shall be, and shall be deemed always to have been, inserted.

Amendment
of section 2.