

THE INDUSTRIAL FINANCE CORPORATION  
(AMENDMENT) ACT, 1982

No. 2 OF 1982

[8th March, 1982.]

An Act further to amend the Industrial Finance Corporation  
Act, 1948.

BE it enacted by Parliament in the Thirty-third Year of the Republic  
of India as follows:—

Short  
title  
and com-  
mence-  
ment.

1. (1) This Act may be called the Industrial Finance Corporation  
(Amendment) Act, 1982.

(2) It shall come into force on such date<sup>1</sup> as the Central Government  
may, by notification in the Official Gazette, appoint.

Amend-  
ment of  
section 2.

2. In section 2 of the Industrial Finance Corporation Act, 1948 (here-  
inafter referred to as the principal Act),—

15 of 1948.

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

‘(ba) “Court” means the High Court (or where there is no  
High Court and the powers of the High Court are exercised by  
the Court of Judicial Commissioner, such Court) within the  
local limits of whose jurisdiction,—

(i) the defendant or respondent, or where there is more  
than one defendant or respondent, any one of them—

(1) has his registered office; or

(2) carries on the whole or part of his business,

at the time of the commencement of any legal proceedings  
against him under this Act; or

(ii) the cause of action for such legal proceedings,  
wholly or in part, arises;’;

<sup>1</sup> 12-3-1982 ; *vide*. Notification No. S. O. 133 (E), dated 11-3-1982. Gazette of India, Extra-ordinary, 1982, Pt. II, Sec. 3(ii), p. 228.

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

(c) "industrial concern" means any limited company or co-operative society incorporated by a Central Act or an Act of the Legislature of a State or under any law for the time being in force and registered in India which is engaged or is to be engaged in—

(i) the manufacture, preservation or processing of goods;

(ii) shipping;

(iii) mining;

(iv) the hotel industry;

(v) the generation or distribution of electricity or any other form of power;

(vi) the transport of passengers or goods by road or by water or by air or by ropeway or by lift;

(vii) the maintenance, repair, testing or servicing of machinery of any description or vehicles or vessels or motor-boats or trailers or tractors;

(viii) assembling, repairing or packing any article with the aid of machinery or power;

(ix) the development of any contiguous area of land as an industrial estate;

(x) fishing or providing shore facilities for fishing or maintenance thereof;

(xi) providing special or technical knowledge or other services for the promotion of industrial growth; or

(xii) the research and development of any process or product in relation to any of the matters aforesaid.

*Explanation.*—The expression "processing of goods" includes any art or process for producing, preparing or making an article by subjecting any material to a manual, mechanical, chemical, electrical or any other like operation; ;

(c) clause (g) shall be omitted.

3. In section 4 of the principal Act,—

(a) after sub-section (1A), the following sub-sections shall be inserted, namely:—

"(1B) On or after the commencement of the Industrial Finance Corporation (Amendment) Act, 1982, the authorised capital of the Corporation may be increased to such amount not exceeding one hundred crores of rupees as the Central Govern-

ment may, from time to time, by notification in the Official Gazette, fix.

(1C) The authorised capital increased under sub-section (1B) shall be divided into such number of shares of five thousand rupees each as may be necessary and the shares representing the capital so increased may be issued with the sanction of the Central Government as and when the Corporation may deem fit.”;

(b) in sub-section (8),—

(i) for the words “In this section”, the words, figure and letter “In this section and in section 4A” shall be substituted;

(ii) after the words and figures “under section 3 of the Life Insurance Corporation Act, 1956”, the following shall be inserted, namely:—

31 of 1956.

“, the General Insurance Corporation of India formed and registered under the Companies Act, 1956, its subsidiaries and such other institution or institutions dealing with general insurance business as may be notified by the Central Government in the Official Gazette in this behalf”.

1 of 1956.

Amend-  
ment of  
section 4A.

4. In sub-section (2) of section 4A of the principal Act, in the proviso, for the words “Provided that”, the following shall be substituted, namely:—

“Provided that such holders shall have the right to renounce the shares so offered to them in favour of any scheduled bank, any insurance company, any investment trust or any other like financial institution or any co-operative bank, whether or not any such institution is a shareholder:

Provided further that if any such holder does not accept the shares so offered or does not exercise the right of renunciation in respect of any such shares in favour of any institution referred to in the preceding proviso within the time fixed therefor, the Board may allot such shares to any such institution with the concurrence of the Development Bank:

Provided also that”.

Amend-  
ment of  
section 11

5. In section 11 of the principal Act, in the proviso to sub-section (3), for the words “three months”, the words “six months” shall be substituted.

Substi-  
tution of  
new sec-  
tion for  
section 16.

6. For section 16 of the principal Act, the following section shall be substituted, namely:—

Staff of  
Corpora-  
tion.

“16. The Corporation may appoint such number of officers and other employees as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.”.

7. In section 18 of the principal Act, the words “, with the previous sanction of the Development Bank,” shall be omitted.

Amend-  
ment of  
section 18.

8. In section 19 of the principal Act, the words “in consultation with the Reserve Bank,” shall be omitted.

Amend-  
ment of  
section 19.

9. In section 21 of the principal Act,—

Amend-  
ment of  
section 21.

(a) in sub-section (1), the proviso shall be omitted;

(b) in sub-section (3), in the proviso, for the words “three crores”, the words “fifteen crores” shall be substituted;

(c) in sub-section (4),—

(i) after the words “the Development Bank”, the words “or, with the general or special approval of the Central Government, from any other authority or institution in India” shall be inserted;

(ii) the proviso shall be omitted.

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

Insertion  
of new  
section  
21C.

“21C. The Corporation shall have the right to acquire, by transfer or assignment, the rights and interests of any public financial institution as defined in section 4A of the Companies Act, 1956 (including any other rights incidental thereto), in relation to any loan or advance granted, or any amount recoverable, by such institution, either in whole or in part, by the execution or issue of any instrument, or by the transfer of any instrument by endorsement or in any other manner.”

Power to  
acquire  
rights.

1 of 1956.

11. For section 22 of the principal Act, the following section shall be substituted, namely:—

Substitu-  
tion of  
new  
section for  
section 22.

“22. The Corporation may accept deposits repayable after the expiry of a period which shall not be less than twelve months from the date of the making of the deposit on such terms and conditions as may, generally or specially, be approved by the Development Bank.”

Deposits  
with the  
Corpora-  
tion.

12. In section 23 of the principal Act,—

Amend-  
ment of  
section 23.

(a) in sub-section (1),—

(i) the brackets and figure “(1)” occurring in the beginning shall be omitted;

(ii) in clause (a),—

(1) the words “on such terms and conditions as may be agreed upon,” shall be omitted;

(2) in sub-clause (i), the words "are repayable within a period not exceeding twenty-five years, and" shall be omitted;

(3) in sub-clause (ii), for the words "or State Co-operative Banks", the words "State Co-operative Banks or such other financial institutions as may be notified by the Central Government in this behalf" shall be substituted;

(iii) for clause (b), the following clause shall be substituted, namely:—

"(b) guaranteeing deferred payments due from any industrial concern;"

(iv) in clause (c), the words, 'on such terms and conditions as may be agreed upon,' shall be omitted;

(v) for clause (f), the following clause shall be substituted, namely:—

"(f) subscribing to, or purchasing, the stock, shares or bonds of any industrial concern;"

(vi) in clause (i),—

(1) for the portion beginning with the words "or subscribing to debentures" and ending with the words "as the case may be:", the words "or subscribing to, or purchasing, debentures of industrial concerns:" shall be substituted;

(2) in the proviso, after the words "subscribing to", the words ", or purchasing," shall be inserted;

(3) in the *Explanation*, for the words "loan or advance", at both the places where they occur, the words "loan, advance or debenture" shall be substituted;

(vii) after clause (i), the following clauses shall be inserted, namely:—

"(j) undertaking research and surveys for evaluating or dealing with marketing or investments and undertaking and carrying on techno-economic studies in connection with the development of industry;

(k) providing technical and administrative assistance to any industrial concern for the promotion, management or expansion of any industry;

(l) undertaking merchant banking operations;

(m) performing functions entrusted to, or required of, the Corporation by this Act or by any other law for the time being in force;"

(viii) clauses (ii) and (iii) shall be re-lettered as clauses (n) and (o) respectively;

(ix) clause (j) shall be re-lettered as clause (p), and in clause (p) as so re-lettered, after the words "under this Act", the words "or under any other law for the time being in force" shall be inserted;

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

13. Section 24 of the principal Act shall be omitted.

Omission of section 24.

14. In section 26 of the principal Act, in sub-section (3), after clause (ii), the following clause shall be inserted, namely:—

Amendment of section 26.

"(iii) shall not apply to any industrial concern in respect of which the Corporation is satisfied that it is necessary, in the public interest, to enter into business with that concern:

Provided that such business shall be entered into in accordance with and subject to such conditions and limitations as may be prescribed by regulations made in this behalf."

15. In section 33 of the principal Act, in sub-section (1), for the words "three months", the words "four months" shall be substituted.

Amendment of section 33.

16. After section 34 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 34A.

"34A. The Board may, in consultation with the auditors appointed under section 34, appoint local auditors to audit the affairs of any office or agency of the Corporation and the report of such auditors shall be taken into consideration by the auditors appointed under section 34 for the purpose of auditing the affairs of the Corporation."

Appointment of local auditors.

17. In section 35 of the principal Act,—

Amendment of section 35.

(a) in sub-section (1), for the words "all shareholders", the words "the Development Bank" shall be substituted;

(b) in sub-section (3), for the words "four months", the words "five months" shall be substituted.

18. In section 39 of the principal Act, after the word "auditor," the words "local auditor," shall be inserted.

Amendment of section 39.

19. In section 43 of the principal Act,—

Amendment of section 43

(a) in sub-section (2), for clause (h), the following clause shall be substituted, namely:—

"(h) the conditions and limitations subject to which the Corporation may enter into business under the proviso to clause (iii) of sub-section (3) of section 26;"

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) Every regulation made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation or both Houses agree that the regulation should not be made, the regulation 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 regulation.”