

THE BRITANNIA ENGINEERING COMPANY LIMITED (MOKAMEH UNIT) AND THE  
ARTHUR BUTLER AND COMPANY (MUZAFFARPORE) LIMITED (ACQUISITION AND  
TRANSFER OF UNDERTAKINGS) ACT, 1978

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ARRANGEMENT OF SECTIONS

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CHAPTER I  
PRELIMINARY

SECTIONS

1. Short title and commencement.
2. Definitions.

CHAPTER II

ACQUISITION AND TRANSFER OF MOKAMEH UNIT AND UNDERTAKINGS OF ARTHUR BUTLER AND  
COMPANY

3. Vesting in the Central Government of Mokameh unit and undertakings of Arthur Butler and Company.
4. General effect of vesting.
5. Power of Central Government to direct vesting of Mokameh unit and the undertakings of Arthur Butler and Company in a Government company.
6. Britannia Engineering Company and Arthur Butler and Company to be liable for certain prior liabilities.

CHAPTER III

PAYMENT OF AMOUNT

7. Payment of amount.
8. Payment of further amount.

CHAPTER IV

MANAGEMENT, ETC., OF MOKAMEH UNIT AND THE UNDERTAKINGS OF ARTHUR BUTLER AND COMPANY

9. Management, etc., of Mokameh unit and the undertakings of Arthur Butler and Company.
10. Duty to deliver possession of Mokameh unit and undertakings of Arthur Butler and Company.
11. Duty of the companies to furnish particulars.
12. Duty of persons in charge of management of Mokameh unit or undertakings of Arthur Butler and Company to deliver assets, etc.

CHAPTER V

PROVISIONS RELATING TO EMPLOYEES OF MOKAMEH UNIT AND OF ARTHUR BUTLER AND COMPANY

13. Employment of employees to continue.
14. Provident fund and other funds.

CHAPTER VI

COMMISSIONER OF PAYMENTS

15. Appointment of Commissioner of Payments.
16. Payment by Central Government to the Commissioner.
17. Certain powers of the Central Government or Government company.
18. Claims to be made to the Commissioner.
19. Priority of claims.
20. Examination of claims.
21. Admission or rejection of claims.

SECTIONS

22. Disbursement of money by Commissioner.
23. Disbursement of amounts to Britannia Engineering Company and Arthur Butler and Company.
24. Undisbursed or unclaimed amount to be deposited with the General Revenue Account.

CHAPTERVII

MISCELLANEOUS

25. Act have overriding effect.
26. Contracts to cease to have effect unless ratified by the Central Government or the Government company.
27. Penalties.
28. Offences by companies.
29. Protection of action taken in good faith.
30. Delegation of Powers.
31. Power to make rules.
32. Power to remove difficulties.
33. Declaration as to the policy of the State.

THE FIRST SCHEDULE

THE SECOND SCHEDULE

THE BRITANNIA ENGINEERING COMPANY LIMITED (MOKAMEH UNIT) AND THE ARTHUR BUTLER AND COMPANY (MUZAFFARPORE) LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1978

ACT NO. 41 OF 1978

[8th December, 1978.]

An Act to provide for the acquisition and transfer of the right, title and interest of the undertakings of Britannia Engineering Company in relation to the Mokameh unit owned by it and the right, title and interest of Arthur Butler and Company in relation to the undertakings owned by it, with a view to ensuring the continued manufacture of railway wagons and other goods essential to the needs of the country in general and the Railways in particular, and for matters connected therewith or incidental thereto.

WHEREAS Britannia Engineering Company at the Mokameh unit and Arthur Butler and Company were engaged in the manufacture of railway wagons and other goods;

AND WHEREAS as a result of the closure of the wagon and other undertakings owned by the companies aforesaid, there was a substantial fall in the manufacture of railway wagons and other goods;

AND WHEREAS for the purpose of bringing the closed works of the companies aforesaid into operation the management of the Mokameh unit of Britannia Engineering Company and the management of the undertakings of Arthur Butler and Company were taken over by the Central Government under the Industries (Development and Regulation) Act, 1951 (65 of 1951);

AND WHEREAS it is necessary to acquire the said wagon and other undertakings to ensure the continued manufacture of railway wagons and other goods which are essential to the needs of the country in general, and the Railways in particular;

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

CHAPTER I

PRELIMINARY

**1. Short title and commencement.**—(1) This Act may be called the Britannia Engineering Company Limited (Mokameh Unit) and the Arthur Butler and Company (Muzaffarpore) Limited (Acquisition and Transfer of Undertakings) Act, 1978.

(2) The provisions of sections 27 and 28 shall come into force at once and the remaining provisions of this Act shall be deemed to have come into force on the 1st day of April, 1978.

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

(a) “appointed day” means the 1st day of April, 1978;

(b) “Arthur Butler and Company” means Messrs. Arthur Butler and Company (Muzaffarpore) Limited, a company within the meaning of the Companies Act 1956 (1 of 1956), and having its registered office at 40, Stand Road, Calcutta, in the State of West Bengal;

(c) “Britannia Engineering Company” means Messrs. Britannia Engineering Company Limited, a company within the meaning of the Companies Act 1956 (1 of 1956), and having its registered office at 3, Netaji Subhash Road, Calcutta, in the State of West Bengal;

(d) “Commissioner” means the Commissioner of Payments appointed under section 15;

(e) “Government company” means a company within the meaning of section 617 of the Companies Act, 1956 (1 of 1956) and referred to in section 5 of this Act;

(f) “Mokameh unit” means the wagon and other undertakings owned by Britannia Engineering Company at Mokameh in the State of Bihar;

(g) “notification” means a notification published in the Official Gazette;

(h) "prescribed" means prescribed by rules made under this Act;

(i) "specified date", in relation to any provision of this Act, means such date as the Central Government may, by notification, specify for the purpose of that provision and different dates may be specified for different provisions of this Act;

(j) "wagon and other undertaking" means the undertaking which is engaged in the manufacture of railway wagons and other goods;

(k) words and expressions used herein and not defined but defined in the Companies Act, 1956 (1 of 1956), have the meanings, respectively assigned to them in that Act.

## CHAPTER II

### ACQUISITION AND TRANSFER OF MOKAMEH UNIT AND UNDERTAKINGS OF ARTHUR BUTLER AND COMPANY

#### 3. Vesting in the Central Government of Mokameh unit and undertakings of Arthur Butler and Company.—On the appointed day,—

(i) the Mokameh unit and the right, title and interest of Britannia Engineering Company in relation to the Mokameh unit; and

(ii) the undertakings owned by Arthur Butler and Company and the right, title and interest of Arthur Butler and Company in relation to the said undertakings,

shall, by virtue of this Act, stand transferred to, and shall vest in, the Central Government.

4. General effect of vesting.—(1) The Mokameh unit, and the undertakings of Arthur Butler and Company, referred to in section 3, shall be deemed to include all assets, rights, lease-holds powers, authorities and privileges and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery and equipment, cash balances, cash in hand, reserve funds, investments and book debts pertaining to the Mokameh unit or, as the case may be, the undertakings of Arthur Butler and Company, and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control—

(a) of Britannia Engineering Company, in relation to the Mokameh unit, or

(b) of Arthur Butler and Company, in relation to the undertakings owned by it,

whether within or outside India, and all books of account, registers and other documents of whatever nature relating thereto.

(2) All properties as aforesaid which have vested in the Central Government under section 3 shall, by force of such vesting, be freed and discharged from any trust, obligation, mortgage, charge, lien and all other incumbrances affecting it, and any attachment, injunction or decree or order of any court or other authority, restricting the use of such properties in any manner or appointing any receiver in respect of the whole or any part of such properties shall be deemed to have been withdrawn.

(3) Every mortgagee of any property which has vested under this Act in the Central Government and every person holding any charge, lien or other interest in, or in relation to, any such property shall give, within such time and in such manner as may be prescribed, an intimation to the Commissioner of such mortgage, charge, lien or other interest.

(4) For the removal of doubts, it is hereby declared that the mortgagee of any property referred to in sub-section (3) or any other person holding and charge, lien or other interest in, or in relation to any such property shall be entitled to claim, in accordance with his rights and interests, payment of the mortgage money or other dues, in whole or in part, out of amounts specified in the First Schedule and also out of the monies determined under section 8, but no such mortgage, charge, lien or other interest shall be enforceable against any property which has vested in the Central Government or the Government company, as the case may be.

(5) If, on the appointed day, any suit, appeal or other proceeding of whatever nature instituted or preferred by or against Britannia Engineering Company in relation to the Mokameh unit, or by or against Arthur Butler and Company in relation to any undertaking owned by it, is pending, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the Mokameh unit or, as the case may be, the undertakings of Arthur Butler and Company, or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted or enforced by or against the Central Government or the Government company as the case may be.

**5. Power of Central Government to direct vesting of Mokameh unit and the undertakings of Arthur Butler and Company in a Government company.**—(1) Notwithstanding anything contained in section 3, the Central Government may, if it is satisfied that a Government company (whether in existence at the commencement of this Act or incorporated thereafter) is willing to comply, or has complied, with such terms and conditions as that Government may think fit to impose, direct, by notification, that the Mokameh unit and the undertakings referred to in section 3, and the right, title and interest of Britannia Engineering Company in relation to the Mokameh unit, and the right, title and interest of Arthur Butler and Company in relation to the undertakings owned by it, which have vested in the Central Government under section 3, shall instead of continuing to vest in the Central Government, vest in the Government company either on the date of the notification or on such earlier or later date (not being a date earlier than the appointed day) as may be specified in the notification.

(2) Where the right, title and interest in relation to the Mokameh unit and in relation to the other undertakings referred to in section 3, vest in a Government company under sub-section (1), the Government company shall, on and from the date of such vesting, be deemed to have become the owner of the Mokameh unit and of the undertakings of Arthur Butler and Company and all the rights and liabilities of the Central Government in relation to the Mokameh unit and the undertakings of Arthur Butler and Company shall, on and from the date of such vesting, be deemed to have been the rights and liabilities, respectively, of the Government company.

**6. Britannia Engineering Company and Arthur Butler and Company to be liable for certain prior liabilities.**—(1) Every liability of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in relation to the undertakings owned by it, in respect of any period prior to the appointed day, shall be the liability of Britannia Engineering Company, or Arthur Butler and Company, as the case may be, and shall be enforceable against such company and not against the Central Government or the Government company.

(2) For the removal of doubts, it is hereby declared that,—

(a) save as otherwise expressly provided in this section or in any other section of this Act,—

(i) no liability of Britannia Engineering Company, in relation to the Mokameh unit, and

(ii) no liability of Arthur Butler and Company, in relation to the undertakings owned by it,

in respect of any period prior to the appointed day, shall be enforceable against the Central Government or the Government company, as the case may be;

(b) no award, decree or order of any court, tribunal or other authority in relation to the Mokameh unit, or in relation to the undertakings owned by Arthur Butler and Company, passed after the appointed day in respect of any matter, claim or dispute, which arose before that day, shall be enforceable against the Central Government or the Government company, as the case may be;

(c) no liability incurred before the appointed day by—

(i) Britannia Engineering Company, in relation to the Mokameh unit, or

(ii) Arthur Butler and Company, in relation to the undertakings owned by it,

for the contravention of any provision of law for the time being in force shall be enforceable against the Central Government or the Government company as the case may be.

## CHAPTER III

### PAYMENT OF AMOUNT

**7. Payment of amount.**—(1) For the transfer to, and vesting in, the Central Government, under section 3,—

(a) of the Mokameh unit and the right, title and interest of Britannia Engineering Company, in relation to that unit; and

(b) of the undertakings owned by Arthur Butler and Company, and the right, title and interest of Arthur Butler and Company, in relation to those undertakings,

there shall be given by the Central Government to Britannia Engineering Company and Arthur Butler and Company, in cash and in the manner specified in Chapter V1, an amount equal to the amount specified, respectively, in the First Schedule, against Britannia Engineering Company and Arthur Butler and Company.

(2) For the removal of doubts, it is hereby declared that the liabilities of—

(i) Britannia Engineering Company, in relation to the Mokameh unit, and

(ii) Arthur Butler and Company, in relation to the undertakings owned by it,

shall be met, in accordance with the rights and interests of the creditors of the respective company from the amount due, respectively, to Britannia Engineering Company and Arthur and Company, under sub-section (1).

**8. Payment of further amount.**—(1) For the deprivation of Britannia Engineering Company of the management of the Mokameh unit and for the deprivation or Arthur Butler and Company of the management of the undertakings owned by it, there shall be given, in cash, by the Central Government to the respective company, in addition to the amount specified in section 7, an amount computed at the rate of ten thousand rupees per annum for the period commencing on the date on which the management of such unit or, as the case may be, such undertakings, was taken over by the Central Government under the Industries (Development and Regulation) Act, 1951 (65 of 1951) and ending with the appointed day.

(2) In consideration of the retrospective operation of the provisions of sections 3, 4 and 6, there shall also be given, in cash, by the Central Government to Britannia Engineering Company and to Arthur Butler and Company an amount equal to an amount calculated at the rate of ten thousand rupees per annum for the period commencing on the appointed day and ending with the date on which this Act receives the assent of the President.

(3) The amount specified in section 7 and the amount computed under sub-sections (1) and (2) shall carry simple interest at the rate of four per cent. per annum for the period commencing on the appointed day and ending with the date on which the payment of amount is made by the Central Government to the Commissioner.

(4) The amounts determined in accordance with the provisions of sub-sections (1), (2) and (3) shall be given to Britannia Engineering Company and to Arthur Butler and Company in addition to the amount specified in the First Schedule.

## CHAPTER IV

### MANAGEMENT, ETC., OF MOKAMEH UNIT AND THE UNDERTAKINGS OF ARTHUR BUTLER AND COMPANY

**9. Management, etc., of Mokameh unit and the undertakings of Arthur Butler and Company.**—On the appointed day, the general superintendence, direction, control and management of the affairs and business of the Mokameh unit and of the undertakings owned by Arthur Butler and Company shall—

(a) where a direction has been made by the Central Government under section 5, vest in the Government company specified in such direction, or

(b) where no such direction has been made, vest in such person or body of persons as may be appointed by the Central Government in this behalf,

and thereupon the Government company so specified or the person or body of persons so appointed, as the case may be, shall be entitled to exercise all such powers and do all such things as Britannia Engineering Company is authorised to exercise and do in relation to its Mokameh unit or, as the case may be, Arthur Butler and Company is authorised to exercise and do in relation to the undertakings owned by it.

**10. Duty to deliver possession of Mokameh unit and undertakings of Arthur Butler and Company.**—(1) Every person, in whose possession or custody or control—

(i) the Mokameh unit, or

(ii) any undertaking or Arthur Butler and Company, or

any part of such unit or undertaking or any machinery, instrument or other movable assets forming part of such unit or undertaking, may be immediately before the appointed day, shall forthwith deliver possession of the Mokameh unit or such undertaking or such part, machinery, instrument or other asset, as the case may be, to the Central Government or the Government company or to such person or body of persons as the Central Government or the Government company may specify in this behalf.

(2) Every person who has, on the appointed day, in his possession or under his control any assets, books, documents or other papers relating to the Mokameh unit or any undertaking owned by Arthur Butler and Company, which has vested in the Central Government or a Government company under this Act, and which belong to Britannia Engineering Company or, as the case may be, Arthur Butler and Company, or would have so belonged if the Mokameh unit, or as the case may be, the undertakings owned by Arthur Butler and Company, had not vested in the Central Government or the Government company, shall be liable to account for the said assets, books, documents and other papers to the Central Government or the Government company and shall deliver them up to the Central Government or the Government company or to such person or body or persons as the Central Government or the Government Company may specify in this behalf.

(3) The Central Government may take or cause to be taken all necessary steps for securing possession of the Mokameh unit and the undertakings of Arthur Butler and Company which have vested in it under section 3.

**11. Duty of the companies to furnish particulars.**—Britannia Engineering Company and Arthur Butler and Company shall, within such period as the Central Government may allow in this behalf, furnish to that Government a complete inventory of all its properties and assets, as on the appointed day, pertaining to the Mokameh unit, or as the case may be, the undertakings owned by Arthur Butler and Company which has or have vested in the Central Government under section 3, and, for this purpose the Central Government or the Government company shall afford Britannia Engineering Company or Arthur Butler and Company all reasonable facilities.

**12. Duty of persons in charge of management of Mokameh unit or undertakings of Arthur Butler and Company to deliver assets, etc.**—On the vesting in the Central Government or the Government company of the management of the Mokameh unit or of any undertakings owned by Arthur Butler and Company, all persons in charge of the management of the Mokameh unit or, as the case may be, the undertakings owned by Arthur Butler and Company immediately before the date of such vesting, shall be bound to deliver to the Central Government or the Government company or to such person or body or persons as the Central Government or the Government company may specify in this behalf, all assets, books of account, registers or other documents in their custody relating to the Mokameh unit or, as the case may be, any undertaking owned by Arthur Butler and Company.

## CHAPTER V

### PROVISIONS RELATING TO EMPLOYEES OF MOKAMEH UNIT AND OF ARTHUR BUTLER AND COMPANY

**13. Employment of employees to continue.**—(1) Every person who has been, immediately before the appointed day, employed by—

(i) Britannia Engineering Company, in connection with the Mokameh unit, or

(ii) Arthur Butler and Company, in connection with any undertaking owned by it, shall become, on and from the appointed day, an employee of the Central Government or, as the case may be, of the Government company, and shall hold office or service under the Central Government or the Government company, as the case may be, with the same rights and privileges as to pension, gratuity and other matters as would have been admissible to him if there had been no such vesting and shall continue to do so unless and until his employment under the Central Government or the Government company, as the case may be, is duly terminated or until his remuneration and other conditions of service are duly altered by the Central Government or the Government company, as the case may be.

(2) Notwithstanding anything contained in the Industrial Disputes Act 1947 (14 of 1947), or in any other law for the time being in force, the transfer of the services of any officer or other person employed in the Mokameh unit or any undertakings owned by Arthur Butler and Company, to the Central Government or the Government company shall not entitle such officer or other employee to any compensation under this Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

**14. Provident fund and other funds.**—(1) Where Britannia Engineering Company or Arthur Butler and Company has established a provident fund, superannuation fund, welfare fund or other fund for the benefit of persons employed in the Mokameh unit or, as the case may be, any of the undertakings owned by Arthur Butler and Company, the monies relatable to the employees, whose services have become transferred by or under this Act to the Central Government or the Government company shall out of the monies standing, on the appointed day, to the credit of such provident fund, superannuation fund, welfare fund or other funds, stand transferred to, and vest in, the Central Government or the Government company, as the case may be.

(2) The monies which stand transferred under sub-section (1) to the Central Government or the Government company, as the case may be, shall be dealt with by that Government or the Government company in such manner as may be prescribed.

## CHAPTER VI

### COMMISSIONER OF PAYMENTS

**15. Appointment of Commissioner of Payments.**—(1) the Central Government shall, for the purpose of disbursing the amount payable under sections 7 and 8 to Britannia Engineering Company and to Arthur Butler and Company, by notification, appoint a Commissioner of Payments.

(2) The Central Government may appoint such other persons as it may think fit to assist the Commissioner and thereupon the Commissioner may authorise one or more of such persons also to exercise all or any of the powers exercisable by him under this Act and different persons may be authorised to exercise different powers.

(3) Any person authorised by the Commissioner to exercise any of the powers exercisable by the Commissioner may exercise those powers in the same manner and with the same effect as if they have been conferred on that person directly by this Act and not by way of authorisation.

(4) The salaries and allowances of the Commissioner and other persons appointed under this section shall be defrayed out of the Consolidated Fund of India.

**16. Payment by Central Government to the Commissioner.**—(1) the Central Government shall, within thirty days from the specified date, pay, in cash, to the Commissioner, for payment to Britannia Engineering Company and to Arthur Butler and Company,—

(a) an amount equal to that specified against each of their names in the First Schedule,

(b) an amount equal to that payable to Britannia Engineering Company and Arthur Butler and company under section 8.

(2) A deposit account shall be opened by the Central Government in favour of the Commissioner in the Public Account of India, and every amount paid under this Act to the Commissioner shall be deposited by him to the credit of the said deposit account and the said deposit account shall be operated by the Commissioner.

(3) Separate records shall be maintained by the Commissioner in respect of Mokameh unit and the undertakings owned by Arthur Butler and Company in relation to which payment has been made to him under this Act.

(4) Interest acquiring on the amounts standing to the credit of the deposit account referred to in sub-section (2) shall enure to the benefit of Britannia Engineering Company and Arthur Butler and Company.

**17. Certain powers of the Central Government or Government company.**—(1) The Central Government or the Government company, as the case may be, shall be entitled to receive, up to the specified date, to the exclusion of all other persons, any money due to Britannia Engineering Company in relation to any of the Mokameh unit, or Arthur Butler and Company in relation to any of the undertakings owned by it, which has vested in the Central Government or the Government company, and realised after the appointed day, notwithstanding that the realisation pertains to a period prior to the appointed day.

(2) The Central Government or the Government company, as the case may be, may make a claim to the Commissioner with regard to every payment made by that Government after the appointed day for discharging any liability of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in relation to any of the undertakings owned by it, in relation to any period prior to the appointed day, and every such claim shall have priority, in accordance with the priorities attaching under this Act, to the matter in relation to which such liability has been discharged by the Central Government or the Government company.

(3) Save as otherwise provided in this Act, the liabilities of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in relation to any of the undertakings owned by it, in respect of any transaction prior to the appointed day, which have not been discharged on or before the specified date, shall be the liabilities of Britannia Engineering Company or Arthur Butler and Company, as the case may be.

**18. Claims to be made to the Commissioner.**—Every person having a claim against Britannia Engineering Company in relation to the Mokameh unit, or against Arthur Butler and Company in relation to the undertakings owned by it, shall prefer such claim before the Commissioner within thirty days from the specified date:

Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim within the said period of thirty days, he may entertain the claim within a further period of thirty days, but not thereafter.

**19. Priority of claims.**—The claims arising out of the matters specified in the Second Schedule shall have priorities in accordance with the following principles, namely:—

(a) category I shall have precedence over all categories and category II shall have precedence over category III and so on;

(b) the claims specified in each of the categories, except category IV, shall rank equally and be paid in full, but if the amount is insufficient to meet such claims in full, they shall abate in equal proportion and be paid accordingly;

(c) the liabilities specified in category IV shall be discharged subject to the priorities specified in this section in accordance with the terms of the secured loan and the priority *inter se*, of such loans; and

(d) the question of discharging any liability with regard to a matter specified in a lower category shall arise only if a surplus is left after meeting all the liabilities specified in the immediately higher category.

**20. Examination of claims.**—(1) On receipt of the claims made under section 18, the Commissioner shall arrange the claims in the order of priorities specified in the Second Schedule and examine the same in accordance with such order of priorities.

(2) If on an examination of the claim, the Commissioner is of opinion that the amount paid to him under this Act is not sufficient to meet the liabilities specified in any lower category, he shall not be required to examine the claim in respect of such lower category.

**21. Admission or rejection of claims.**—(1) After examining the claims with reference to the priorities set out in the Second Schedule, the Commissioner shall fix a date on or before which every claimant shall file the proof of his claim failing which he will be excluded from the benefit of the disbursement made by the Commissioner.

(2) Not less than fourteen days' notice of the date so fixed shall be given by advertisement in one issue of the daily newspaper in the English language having circulation in the major part of the country and one issue of such daily newspaper in the regional language as the Commissioner may consider suitable, and every such notice shall call upon the claimant to file the proof of his claim with the Commissioner within the period specified in the advertisement.

(3) Every claimant who fails to file the proof of his claim within the period specified by the Commissioner shall be excluded from the disbursement made by the Commissioner.

(4) The Commissioner shall, after such investigation as may, in his opinion, be necessary and after giving Britannia Engineering Company or, as the case may be, Arthur Butler and Company, an opportunity of refuting the claim and after giving the claimant a reasonable opportunity of being heard, in writing, admit or reject the claim in whole or in part.

(5) The Commissioner shall have the power to regulate his own procedure in all matters arising out of the discharge of his functions, including the place or places at which he may hold his sitting and shall, for the purpose of making any investigation under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908), while trying a suit, respect of the following matters, namely:—

- (a) the summoning and enforcing the attendance of any witness and examining him on oath;
- (b) the discovery and production of any document or other material object producible evidence;
- (c) the reception of evidence on affidavits;
- (d) the issuing of any commission for the examination of witnesses.

(6) Any investigation before the Commissioner shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code (45 of 1860) and the Commissioner shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of 1974).

(7) A claimant who is dissatisfied with the decision of the Commissioner may prefer an appeal against the decision to the principal court of original jurisdiction within the local limits of whose jurisdiction the Mokameh unit or, as the case may be, the registered office of Arthur Butler and Company is situated:

Provided that where a person who is a Judge of a High Court is appointed to be the Commissioner, such appeal shall lie to the High Court of the State in which the registered office of Britannia Engineering Company or, as the case may be, Arthur Butler and Company is situated, and such appeal shall be heard and disposed of by not less than two Judges of that High Court.

**22. Disbursement of money by Commissioner.**—After admitting the claim under this Act, the amount due in respect of such claim shall be paid by the Commissioner to the person or persons to whom such sums are due and on such payment the liability of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in respect of any claim relating to the undertakings owned by it shall stand discharged.

**23. Disbursement of amounts to Britannia Engineering Company and Arthur Butler and Company.**—(1) If out of the monies paid to him in relation to the Mokameh unit or in relation to any undertaking owned by Arthur Butler and Company there is a balance left after meeting the liabilities as specified in the Second Schedule, the Commissioner shall disburse such balance to Britannia Engineering Company, or as the case may be, to Arthur Butler and Company.

(2) Where the possession of any machinery, equipment or other property has vested in the Central Government or the Government company under this Act, but such machinery, equipment or other property does not belong to Britannia Engineering Company or, as the case may be, Arthur Butler and Company, it shall be lawful for the Central Government to continue to possess such machinery or equipment or other property on the same terms and conditions under which they were possessed by Britannia Engineering Company or, as the case may be, Arthur Butler and Company, immediately before the appointed day.

**24. Undisbursed or unclaimed amount to be deposited with the General Revenue Account.—**

Any money paid to the Commissioner which remains undisbursed or unclaimed for a period of three years from the last date on which the disbursement was made, shall be transferred by the Commissioner to the General Revenue Account of the Central Government; but a claim to any money so transferred may be preferred to the Central Government by the person entitled to such payment and shall be dealt with as if such transfer had not been made, the order, if any, for payment of the claim being treated as an order for the refund of the revenue.

## CHAPTER VII

### MISCELLANEOUS

**25. Act to have overriding effect.—**The provision of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law or the time being in force or in any instrument having effect by virtue of any law, other than this Act, or in any decree or order of any court, tribunal or other authority.

**26. Contracts to cease to have effect unless ratified by the Central Government or the Government company.—**(1) Every contract entered into by Britannia Engineering Company in relation to the Mokameh unit, or Arthur Butler and Company in relation to any of the undertakings owned but it, which has vested in the Central Government under section 3, for any service, sale or supply and in force immediately before the appointed day, shall, on and from the expiry of one hundred and eighty days from the date on which this Act receives the assent of the President, cease to have effect unless such contract is, before the expiry of that period, ratified, in writing, by the Central Government, or the Government company, and in ratifying such contract, the Central Government or the Government company may make such alteration or modification therein as it may think fit:

Provided that the Central Government or the Government company shall not omit to ratify contract and shall not make any alteration or modification in a contract unless it is satisfied that such contract is unduly onerous or has been entered into in bad faith or is detrimental to the interests of, the Central Government or the Government company.

(2) The Central Government or the Government company shall not omit to ratify a contract, and shall not make any alteration or modification therein, except after giving the parties to the contract a reasonable opportunity of being heard and except after recording in writing its reasons for refusal to ratify the contract or for making any alteration or modification therein.

**27. Penalties.—**Any person who,—

(a) having in his possession, custody or control any property forming part of the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company, wrongfully withholds such property from the Central Government or the Government company; or

(b) wrongfully obtains possession of, or retains, any property forming part of, the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company; or

(c) wilfully withholds or fails to furnish to the Central Government or the Government company or any person or body of persons specified by that Government or the Government company, as the case may be, any document relating to the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company, which may be in his possession, custody or control; or

(d) fails to deliver to the Central Government or the Government company or any person or body of persons specified by that Government or the Government company, any assets, books of account, registers or other documents in his possession, custody or control relating to the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company; or

(e) wrongfully removes or destroys any property forming part of the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company or prefers any claim under this Act which he knows or has reason to believe to be false or grossly inaccurate,

shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both.

**28. Offences by companies.**—(1) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1) where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation*—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

**29. Protection of action taken in good faith.**—(1) No suit, prosecution or other legal proceeding shall lie against the Central Government or any officer of that Government or the Government company or other person authorised by that Government or the Government company for anything which is in good faith done or intended to be done under this Act.

(2) No suit or other legal proceeding shall lie against the Central Government or any of its officers or other employees or the Government company or any officer or other person authorised by that company for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

**30. Delegation of Powers.**—(1) The Central Government may, by notification, direct that all or any of the powers exercisable by it under this Act, other than the powers conferred by sections 31 and 32, may also be exercised by such person or persons as may be specified in the notification.

(2) Whenever any delegation of power is made under sub-section (1), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

**31. Power to make rules.**—(1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:—

(a) the time within which, and the manner in which, an intimation referred to in sub-section (3) of section 4 shall be given;

(b) the manner in which the monies in any provident fund or other fund, referred to in sub-section (2) of section 14 shall be dealt with;

(c) any other matter which is required to be, or may be, prescribed.

(3) Every rule made by the Central Government under this Act 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 rule or both Houses agree 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.

**32. Power to remove difficulties.**—If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the appointed day.

**33. Declaration as to the policy of the State.**—It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principles specified in clause (b) of article 39 of the Constitution,

*Explanation*—In this section, “State” has the same meaning as in article 12 of the Constitution.

THE FIRST SCHEDEULE

(See sections 4, 7, 8 and 16)

S. No.	Name of the company	Amount (Rupees in lakhs)
1	The Britannia Engineering Company	152.85
2	Arthur Butler and Company	137.70

## THE SECOND SCHEDULE

(See sections 19, 20, 21 and 23)

### ORDER OF PRIORITIES

#### *Category I*

(i) Employees' dues on account of arrears of tripartite settlement for the period from the 1st day of January, 1957 to the 31st day of May, 1975.

(ii) Employees' dues on account of unpaid salaries, wages, providend fund, Employees' State Insurance contribution or premium relating to Life Insurance Corporation of India.

#### *Category II*

Secured loans from nationalised banks and secured loans from Industrial Reconstruction Corporation of India for the post-take-over management period.

#### *Category III*

Central Government loans for the post-take-over management period.

#### *Category IV*

Secured loans from nationalised banks and secured loans from financial institutions for the pre-take-over management period.

#### *Category V*

Revenue, taxes, ceases, rates or other dues to Central Government, State Government and local authorities or State Electricity Board for the pre-take-over management period.

#### *Category VI*

Trade and other creditors for the pre-take-over management period.

# भारत की राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 1

PART II—Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

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इस भाग में विभिन्न पृष्ठ संलग्न वर्ती जाती हैं जिससे कि वह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed  
as a separate compilation

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS  
(Legislative Department)

New Delhi, the 8th December, 1978/Agrahayana 17, 1900 (Saka)

The following Act of Parliament received the assent of the President on the 8th December, 1978, and is hereby published for general information:—

THE BRITANNIA ENGINEERING COMPANY LIMITED (MOKAMEH UNIT) AND THE ARTHUR BUTLER AND COMPANY (MUZAFFARPORE) LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1978

No. 41 of 1978

[8th December, 1978]

An Act to provide for the acquisition and transfer of the right, title and interest of the undertakings of Britannia Engineering Company in relation to the Mokameh unit owned by it and the right, title and interest of Arthur Butler and Company in relation to the undertakings owned by it with a view to ensuring the continued manufacture of railway wagons and other goods essential to the needs of the country in general and the Railways in particular, and for matters connected therewith or incidental thereto.

WHEREAS Britannia Engineering Company at the Mokameh unit and Arthur Butler and Company were engaged in the manufacture of railway wagons and other goods;

AND WHEREAS as a result of the closure of the wagon and other undertakings owned by the companies aforesaid, there was a substantial fall in the manufacture of railway wagons and other goods;

AND WHEREAS for the purpose of bringing the closed works of the companies aforesaid into operation the management of the Mokameh unit of Britannia Engineering Company and the management of the under-

takings of Arthur Butler and Company were taken over by the Central Government under the Industries (Development and Regulation) Act, 1951;

65 of 1951.

AND WHEREAS it is necessary to acquire the said wagon and other undertakings to ensure the continued manufacture of railway wagons and other goods which are essential to the needs of the country in general, and the Railways in particular;

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

### CHAPTER I PRELIMINARY

Short title  
and com-  
mencement.

1. (1) This Act may be called the Britannia Engineering Company Limited (Mokameh Unit) and the Arthur Butler and Company (Muzaaffarpore) Limited (Acquisition and Transfer of Undertakings) Act, 1978.

(2) The provisions of sections 27 and 28 shall come into force at once and the remaining provisions of this Act shall be deemed to have come into force on the 1st day of April, 1978.

Definitions.

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

(a) "appointed day" means the 1st day of April, 1978;

(b) "Arthur Butler and Company" means Messrs. Arthur Butler and Company (Muzaaffarpore) Limited, a company within the meaning of the Companies Act, 1956, and having its registered office at 40, Strand Road, Calcutta, in the State of West Bengal;

(c) "Britannia Engineering Company" means Messrs. Britannia Engineering Company Limited, a company within the meaning of the Companies Act, 1956, and having its registered office at 3, Netaji Subhash Road, Calcutta, in the State of West Bengal;

(d) "Commissioner" means the Commissioner of Payments appointed under section 15;

(e) "Government company" means a company within the meaning of section 617 of the Companies Act, 1956 and referred to in section 5 of this Act;

(f) "Mokameh unit" means the wagon and other undertakings owned by Britannia Engineering Company at Mokameh, in the State of Bihar;

(g) "notification" means a notification published in the Official Gazette;

(h) "prescribed" means prescribed by rules made under this Act;

(i) "specified date", in relation to any provision of this Act, means such date as the Central Government may, by notification, specify for the purpose of that provision and different dates may be specified for different provisions of this Act;

(j) "wagon and other undertaking" means the undertaking which is engaged in the manufacture of railway wagons and other goods;

(k) words and expressions used herein and not defined but defined in the Companies Act, 1956, have the meanings, respectively, assigned to them in that Act.

1 of 1958.

1 of 1958.

1 of 1958.

1 of 1958.

## CHAPTER II

ACQUISITION AND TRANSFER OF MOKAMEH UNIT AND UNDERTAKINGS OF  
ARTHUR BUTLER AND COMPANY

## 3. On the appointed day,—

(i) the Mokameh unit and the right, title and interest of Britannia Engineering Company in relation to the Mokameh unit; and

(ii) the undertakings owned by Arthur Butler and Company and the right, title and interest of Arthur Butler and Company in relation to the said undertakings,

shall, by virtue of this Act, stand transferred to, and shall vest in, the Central Government.

4. (1) The Mokameh unit, and the undertakings of Arthur Butler and Company, referred to in section 3, shall be deemed to include all assets, rights, lease-holds, powers, authorities and privileges and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery and equipment, cash balances, cash in hand, reserve funds, investments and book debts pertaining to the Mokameh unit or, as the case may be, the undertakings of Arthur Butler and Company, and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control—

(a) of Britannia Engineering Company, in relation to the Mokameh unit, or

(b) of Arthur Butler and Company, in relation to the undertakings owned by it,

whether within or outside India, and all books of account, registers and other documents of whatever nature relating thereto.

(2) All properties as aforesaid which have vested in the Central Government under section 3 shall, by force of such vesting, be freed and discharged from any trust, obligation, mortgage, charge, lien and all other incumbrances affecting it, and any attachment, injunction or decree or order of any court or other authority, restricting the use of such properties in any manner or appointing any receiver in respect of the whole or any part of such properties shall be deemed to have been withdrawn.

(3) Every mortgagee of any property which has vested under this Act in the Central Government and every person holding any charge, lien or other interest in, or in relation to, any such property shall give, within such time and in such manner as may be prescribed, an intimation to the Commissioner of such mortgage, charge, lien or other interest.

(4) For the removal of doubts, it is hereby declared that the mortgagee of any property referred to in sub-section (3) or any other person holding any charge, lien or other interest in, or in relation to, any such property shall be entitled to claim, in accordance with his rights and interests, payment of the mortgage money or other dues, in whole or in part, out of the amounts specified in the First Schedule and also out of

Vesting in  
the  
Central  
Govern-  
ment of  
Mokameh  
unit  
and under-  
undertakings of  
Arthur  
Butler and  
Company.

General  
effect of  
vesting.

the monies determined under section 8, but no such mortgage, charge, lien or other interest shall be enforceable against any property which has vested in the Central Government or the Government company, as the case may be.

(5) If, on the appointed day, any suit, appeal or other proceeding of whatever nature instituted or preferred by or against Britannia Engineering Company in relation to the Mokameh unit, or by or against Arthur Butler and Company in relation to any undertaking owned by it, is pending, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the Mokameh unit or, as the case may be, the undertakings of Arthur Butler and Company, or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted or enforced by or against the Central Government or the Government company, as the case may be.

Power of  
Central  
Govern-  
ment to  
direct  
vesting of  
Mokameh  
unit and  
the under-  
takings of  
Arthur  
Butler and  
in a  
Govern-  
ment  
com-  
pany.

5. (1) Notwithstanding anything contained in section 3, the Central Government may, if it is satisfied that a Government company (whether in existence at the commencement of this Act or incorporated thereafter) is willing to comply, or has complied, with such terms and conditions as that Government may think fit to impose, direct, by notification, that the Mokameh unit and the undertakings referred to in section 3, and the right, title and interest of Britannia Engineering Company in relation to the Mokameh unit, and the right, title and interest of Arthur Butler and Company in relation to the undertakings owned by it, which have vested in the Central Government under section 3, shall, instead of continuing to vest in the Central Government, vest in the Government company either on the date of the notification or on such earlier or later date (not being a date earlier than the appointed day) as may be specified in the notification.

(2) Where the right, title and interest in relation to the Mokameh unit and in relation to the other undertakings referred to in section 3, vest in a Government company under sub-section (1), the Government company shall, on and from the date of such vesting, be deemed to have become the owner of the Mokameh unit and of the undertakings of Arthur Butler and Company and all the rights and liabilities of the Central Government in relation to the Mokameh unit and the undertakings of Arthur Butler and Company shall, on and from the date of such vesting, be deemed to have been the rights and liabilities, respectively, of the Government company.

Britannia  
Engineer-  
ing Com-  
pany and  
Arthur  
Butler  
and  
Com-  
pany  
to be  
liable  
for  
certain  
prior  
liabilities,

6. (1) Every liability of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in relation to the undertakings owned by it, in respect of any period prior to the appointed day, shall be the liability of Britannia Engineering Company, or Arthur Butler and Company, as the case may be, and shall be enforceable against such company and not against the Central Government or the Government company.

(2) For the removal of doubts, it is hereby declared that,—

(a) save as otherwise expressly provided in this section or in any other section of this Act,—

(i) no liability of Britannia Engineering Company, in relation to the Mokameh unit, and

(ii) no liability of Arthur Butler and Company, in relation to the undertakings owned by it,

in respect of any period prior to the appointed day, shall be enforceable against the Central Government or the Government company, as the case may be;

(b) no award, decree or order of any court, tribunal or other authority in relation to the Mokameh unit, or in relation to the undertakings owned by Arthur Butler and Company, passed after the appointed day in respect of any matter, claim or dispute, which arose before that day, shall be enforceable against the Central Government or the Government company, as the case may be;

(c) no liability incurred before the appointed day by—

(i) Britannia Engineering Company, in relation to the Mokameh unit, or

(ii) Arthur Butler and Company, in relation to the undertakings owned by it,

for the contravention of any provision of law for the time being in force shall be enforceable against the Central Government or the Government company, as the case may be.

### CHAPTER III

#### PAYMENT OF AMOUNT

7. (1) For the transfer to, and vesting in, the Central Government, under section 3,—

Payment of amount.

(a) of the Mokameh unit and the right, title and interest of Britannia Engineering Company, in relation to that unit; and

(b) of the undertakings owned by Arthur Butler and Company, and the right, title and interest of Arthur Butler and Company, in relation to those undertakings,

there shall be given by the Central Government to Britannia Engineering Company and Arthur Butler and Company, in cash and in the manner specified in Chapter VI, an amount equal to the amount specified, respectively, in the First Schedule, against Britannia Engineering Company and Arthur Butler and Company.

(2) For the removal of doubts, it is hereby declared that the liabilities of—

(i) Britannia Engineering Company, in relation to the Mokameh unit, and

(ii) Arthur Butler and Company, in relation to the undertakings owned by it,

shall be met, in accordance with the rights and interests of the creditors of the respective company from the amount due, respectively, to Britannia Engineering Company and Arthur Butler and Company, under sub-section (1).

Payment  
of further  
amount.

8. (1) For the deprivation of Britannia Engineering Company of the management of the Mokameh unit and for the deprivation of Arthur Butler and Company of the management of the undertakings owned by it, there shall be given, in case, by the Central Government to the respective company, in addition to the amount specified in section 7, an amount computed at the rate of ten thousand rupees per annum for the period commencing on the date on which the management of such unit or, as the case may be, such undertakings, was taken over by the Central Government under the Industries (Development and Regulation) Act, 1951 and ending with the appointed day.

65 of 1951

(2) In consideration of the retrospective operation of the provisions of sections 3, 4 and 6, there shall also be given, in cash, by the Central Government to Britannia Engineering Company and to Arthur Butler and Company an amount equal to an amount calculated at the rate of ten thousand rupees per annum for the period commencing on the appointed day and ending with the date on which this Act receives the assent of the President.

(3) The amount specified in section 7 and the amount computed under sub-sections (1) and (2) shall carry simple interest at the rate of four per cent per annum for the period commencing on the appointed day and ending with the date on which the payment of amount is made by the Central Government to the Commissioner.

(4) The amounts determined in accordance with the provisions of sub-sections (1), (2) and (3) shall be given to Britannia Engineering Company and to Arthur Butler and Company in addition to the amount specified in the First Schedule.

#### CHAPTER IV

##### MANAGEMENT, ETC., OF MOKAMEH UNIT AND THE UNDERTAKINGS OF ARTHUR BUTLER AND COMPANY

Management, etc.,  
of Mokameh unit  
and the  
undertakings  
of Arthur  
Butler  
and  
Company.

9. On the appointed day, the general superintendence, direction, control and management of the affairs and business of the Mokameh unit and of the undertakings owned by Arthur Butler and Company shall—

(a) where a direction has been made by the Central Government under section 5, vest in the Government company specified in such direction, or

(b) where no such direction has been made, vest in such person or body of persons as may be appointed by the Central Government in this behalf,

and thereupon the Government company so specified or the person or body of persons so appointed, as the case may be, shall be entitled to exercise all such powers and do all such things as Britannia Engineering Company is authorised to exercise and do in relation to its Mokameh unit or, as the case may be, Arthur Butler and Company is authorised to exercise and do in relation to the undertakings owned by it.

10. (1) Every person, in whose possession or custody or control—

(i) the Mokameh unit, or

(ii) any undertaking of Arthur Butler and Company, or

any part of such unit or undertaking or any machinery, instrument or other movable assets forming part of such unit or undertaking, may be immediately before the appointed day, shall forthwith deliver possession of the Mokameh unit or such undertaking or such part, machinery, instrument or other asset, as the case may be, to the Central Government or the Government company or to such person or body of persons as the Central Government or the Government company may specify in this behalf.

(2) Every person who has, on the appointed day, in his possession or under his control any assets, books, documents or other papers relating to the Mokameh unit or any undertaking owned by Arthur Butler and Company, which has vested in the Central Government or a Government company under this Act, and which belong to Britannia Engineering Company or, as the case may be, Arthur Butler and Company, or would have so belonged if the Mokameh unit, or, as the case may be, the undertakings owned by Arthur Butler and Company, had not vested in the Central Government or the Government company, shall be liable to account for the said assets, books, documents and other papers to the Central Government or the Government company and shall deliver them up to the Central Government or the Government company or to such person or body of persons as the Central Government or the Government company may specify in this behalf.

(3) The Central Government may take or cause to be taken all necessary steps for securing possession of the Mokameh unit and the undertakings of Arthur Butler and Company which have vested in it under section 3.

11. Britannia Engineering Company and Arthur Butler and Company shall, within such period as the Central Government may allow in this behalf, furnish to that Government a complete inventory of all its properties and assets, as on the appointed day, pertaining to the Mokameh unit or, as the case may be, the undertakings owned by Arthur Butler and Company which has or have vested in the Central Government under section 3, and, for this purpose the Central Government or the Government company shall afford Britannia Engineering Company or Arthur Butler and Company all reasonable facilities.

12. On the vesting in the Central Government or the Government company of the management of the Mokameh unit or of any undertakings owned by Arthur Butler and Company, all persons in charge of the management of the Mokameh unit or, as the case may be, the undertakings owned by Arthur Butler and Company immediately before the date of such vesting, shall be bound to deliver to the Central Government or the Government company or to such person or body of persons as the Central Government or the Government company may specify in this behalf, all assets, books of account, registers or other documents in their custody relating to the Mokameh unit or, as the case may be, any undertaking owned by Arthur Butler and Company.

Duty to deliver possession of Mokameh unit and undertakings of Arthur Butler and Company.

Duty of the companies to furnish particulars.

Duty of persons in charge of management of Mokameh unit or undertakings of Arthur Butler and Company to deliver assets, etc.

## CHAPTER V

## PROVISIONS RELATING TO EMPLOYEES OF MOKAMEH UNIT AND OF ARTHUR BUTLER AND COMPANY

Employ-  
ment of  
employees  
to con-  
tinue.

13. (1) Every person who has been, immediately before the appointed day, employed by—

- (i) Britannia Engineering Company, in connection with the Mokameh unit, or
- (ii) Arthur Butler and Company, in connection with any undertaking owned by it,

shall become, on and from the appointed day, an employee of the Central Government or, as the case may be, of the Government company, and shall hold office or service under the Central Government or the Government company, as the case may be, with the same rights and privileges as to pension, gratuity and other matters as would have been admissible to him if there had been no such vesting and shall continue to do so unless and until his employment under the Central Government or the Government company, as the case may be, is duly terminated or until his remuneration and other conditions of service are duly altered by the Central Government or the Government company, as the case may be.

(2) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any officer or other person employed in the Mokameh unit or any undertakings owned by Arthur Butler and Company, to the Central Government or the Government company shall not entitle such officer or other employee to any compensation under this Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

14 of 1947.

Provi-  
dent  
fund  
and  
other  
funds.

14. (1) Where Britannia Engineering Company or Arthur Butler and Company has established a provident fund, superannuation fund, welfare fund or other fund for the benefit of persons employed in the Mokameh unit or, as the case may be, any of the undertakings owned by Arthur Butler and Company, the monies relatable to the employees, whose services have become transferred by or under this Act to the Central Government or the Government company shall, out of the monies standing, on the appointed day, to the credit of such provident fund, superannuation fund, welfare fund or other funds, stand transferred to, and vest in, the Central Government or the Government company, as the case may be.

(2) The monies which stand transferred under sub-section (1) to the Central Government or the Government company, as the case may be, shall be dealt with by that Government or the Government company in such manner as may be prescribed.

CHAPTER VI  
COMMISSIONER OF PAYMENTS

Appoint-  
ment of  
Com-  
missioner  
of Pay-  
ments.

15. (1) The Central Government shall, for the purpose of disbursing the amount payable under sections 7 and 8 to Britannia Engineering Company and to Arthur Butler and Company, by notification, appoint a Commissioner of Payments.

(2) The Central Government may appoint such other persons as it may think fit to assist the Commissioner and thereupon the Commissioner may authorise one or more of such persons also to exercise all or any of the powers exercisable by him under this Act and different persons may be authorised to exercise different powers.

(3) Any person authorised by the Commissioner to exercise any of the powers exercisable by the Commissioner may exercise those powers in the same manner and with the same effect as if they have been conferred on that person directly by this Act and not by way of authorisation.

(4) The salaries and allowances of the Commissioner and other persons appointed under this section shall be defrayed out of the Consolidated Fund of India.

**16.** (1) The Central Government shall, within thirty days from the specified date, pay, in cash, to the Commissioner, for payment to Britannia Engineering Company and to Arthur Butler and Company,—

(a) an amount equal to that specified against each of their names in the First Schedule,

(b) an amount equal to that payable to Britannia Engineering Company and Arthur Butler and Company under section 8.

(2) A deposit account shall be opened by the Central Government in favour of the Commissioner in the Public Account of India, and every amount paid under this Act to the Commissioner shall be deposited by him to the credit of the said deposit account and the said deposit account shall be operated by the Commissioner.

(3) Separate records shall be maintained by the Commissioner in respect of Mokameh unit and the undertakings owned by Arthur Butler and Company in relation to which payment has been made to him under this Act.

(4) Interest accruing on the amounts standing to the credit of the deposit account referred to in sub-section (2) shall enure to the benefit of Britannia Engineering Company and Arthur Butler and Company.

**17.** (1) The Central Government or the Government company, as the case may be, shall be entitled to receive, up to the specified date, to the exclusion of all other persons, any money due to Britannia Engineering Company in relation to the Mokameh unit, or Arthur Butler and Company in relation to any of the undertakings owned by it, which has vested in the Central Government or the Government company, and realised after the appointed day, notwithstanding that the realisation pertains to a period prior to the appointed day.

(2) The Central Government or the Government company, as the case may be, may make a claim to the Commissioner with regard to every payment made by that Government after the appointed day for discharging any liability of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in relation to any of the undertakings owned by it, in relation to any period prior to the appointed day, and every such claim shall have priority, in accordance with the priorities attaching under this Act, to the matter in relation to which such

Payment by Central Government to the Commissioner.

Certain powers of the Central Government or Government company.

liability has been discharged by the Central Government or the Government company.

(3) Save as otherwise provided in this Act, the liabilities of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in relation to any of the undertakings owned by it, in respect of any transaction prior to the appointed day, which have not been discharged on or before the specified date, shall be the liabilities of Britannia Engineering Company or Arthur Butler and Company, as the case may be.

Claims to be made to the Commissioner.

18. Every person having a claim against Britannia Engineering Company in relation to the Mokameh unit, or against Arthur Butler and Company in relation to the undertakings owned by it, shall prefer such claim before the Commissioner within thirty days from the specified date:

Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim within the said period of thirty days, he may entertain the claim within a further period of thirty days, but not thereafter.

Priority of claims.

19. The claims arising out of the matters specified in the Second Schedule shall have priorities in accordance with the following principles, namely:—

(a) category I shall have precedence over all categories and category II shall have precedence over category III and so on;

(b) the claims specified in each of the categories, except category IV, shall rank equally and be paid in full, but, if the amount is insufficient to meet such claims in full, they shall abate in equal proportion and be paid accordingly;

(c) the liabilities specified in category IV shall be discharged subject to the priorities specified in this section in accordance with the terms of the secured loan and the priority, *inter se*, of such loans; and

(d) the question of discharging any liability with regard to a matter specified in a lower category shall arise only if a surplus is left after meeting all the liabilities specified in the immediately higher category.

Examination of claims.

20. (1) On receipt of the claims made under section 18, the Commissioner shall arrange the claims in the order of priorities specified in the Second Schedule and examine the same in accordance with such order of priorities.

(2) If on an examination of the claim, the Commissioner is of opinion that the amount paid to him under this Act is not sufficient to meet the liabilities specified in any lower category, he shall not be required to examine the claim in respect of such lower category.

Admission or rejection of claims.

21. (1) After examining the claims with reference to the priorities set out in the Second Schedule, the Commissioner shall fix a date on or before which every claimant shall file the proof of his claim failing which he will be excluded from the benefit of the disbursement made by the Commissioner.

(2) Not less than fourteen days' notice of the date so fixed shall be given by advertisement in one issue of the daily newspaper in the English language having circulation in the major part of the country and one issue of such daily newspaper in the regional language as the Commissioner may consider suitable, and every such notice shall call upon the claimant to file the proof of his claim with the Commissioner within the period specified in the advertisement.

(3) Every claimant who fails to file the proof of his claim within the period specified by the Commissioner shall be excluded from the disbursement made by the Commissioner.

(4) The Commissioner shall, after such investigation as may, in his opinion, be necessary and after giving Britannia Engineering Company or, as the case may be, Arthur Butler and Company, an opportunity of refuting the claim and after giving the claimant a reasonable opportunity of being heard, in writing, admit or reject the claim in whole or in part.

(5) The Commissioner shall have the power to regulate his own procedure in all matters arising out of the discharge of his functions, including the place or places at which he may hold his sitting and shall, for the purpose of making any investigation under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:—

- (a) the summoning and enforcing the attendance of any witness and examining him on oath;
- (b) the discovery and production of any document or other material object producible as evidence;
- (c) the reception of evidence on affidavits;
- (d) the issuing of any commission for the examination of witnesses.

(6) Any investigation before the Commissioner shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code and the Commissioner shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

(7) A claimant who is dissatisfied with the decision of the Commissioner may prefer an appeal against the decision to the principal court of original jurisdiction within the local limits of whose jurisdiction the Mokameh unit or, as the case may be, the registered office of Arthur Butler and Company is situated:

Provided that where a person, who is a Judge of a High Court is appointed to be the Commissioner, such appeal shall lie to the High Court of the State in which the registered office of Britannia Engineering Company or, as the case may be, Arthur Butler and Company is situated, and such appeal shall be heard and disposed of by not less than two Judges of that High Court.

22. After admitting the claim under this Act, the amount due in respect of such claim shall be paid by the Commissioner to the person or persons to whom such sums are due and on such payment the liability of Britannia Engineering Company in relation to the Mokameh unit, or of Arthur Butler and Company in respect of any claim relating to the undertakings owned by it shall stand discharged.

Disburse-  
ment of  
money by  
Commis-  
sioner.

5 of 1908.

45 of 1860.

2 of 1974.

Disburse-  
ment of  
amounts to  
Britannia  
Engineer-  
ing Com-  
pany and  
Arthur  
Butler  
and Com-  
pany.

23. (1) If out of the monies paid to him in relation to the Mokameh unit or in relation to any undertaking owned by Arthur Butler and Company there is a balance left after meeting the liabilities as specified in the Second Schedule, the Commissioner shall disburse such balance to Britannia Engineering Company, or as the case may be, to Arthur Butler and Company.

(2) Where the possession of any machinery, equipment or other property has vested in the Central Government or the Government company under this Act, but such machinery, equipment or other property does not belong to Britannia Engineering Company or, as the case may be, Arthur Butler and Company, it shall be lawful for the Central Government to continue to possess such machinery or equipment or other property on the same terms and conditions under which they were possessed by Britannia Engineering Company or, as the case may be, Arthur Butler and Company, immediately before the appointed day.

Undis-  
bursed or  
unclaimed  
amount to  
be deposit-  
ed with  
the Gene-  
ral Re-  
venue  
Account.

24. Any money paid to the Commissioner which remains undisbursed or unclaimed for a period of three years from the last date on which the disbursement was made, shall be transferred by the Commissioner to the General Revenue Account of the Central Government; but a claim to any money so transferred may be preferred to the Central Government by the person entitled to such payment and shall be dealt with as if such transfer had not been made, the order, if any, for payment of the claim being treated as an order for the refund of the revenue.

## CHAPTER VII

### MISCELLANEOUS

Act to  
have over-  
riding  
effect.

25. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law, other than this Act, or in any decree or order of any court, tribunal or other authority.

Contracts  
to cease  
to have  
effect un-  
less  
ratified  
by the  
Central  
Govern-  
ment or  
the Gov-  
ernment  
company.

26. (1) Every contract entered into by Britannia Engineering Company in relation to the Mokameh unit, or Arthur Butler and Company in relation to any of the undertakings owned by it, which has vested in the Central Government under section 3, for any service, sale or supply and in force immediately before the appointed day, shall, on and from the expiry of one hundred and eighty days from the date on which this Act receives the assent of the President, cease to have effect unless such contract is, before the expiry of that period, ratified, in writing, by the Central Government, or the Government company, and in ratifying such contract, the Central Government or the Government company may make such alteration or modification therein as it may think fit:

Provided that the Central Government or the Government company shall not omit to ratify a contract and shall not make any alteration or modification in a contract unless it is satisfied that such contract is unduly onerous or has been entered into in bad faith or is detrimental to the interests of, the Central Government or the Government company.

(2) The Central Government or the Government company shall not omit to ratify a contract, and shall not make any alteration or modification therein, except after giving the parties to the contract a reasonable opportunity of being heard and except after recording in writing its reasons for refusal to ratify the contract or for making any alteration or modification therein.

**27. Any person who,—**

Penalties.

(a) having in his possession, custody or control any property forming part of the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company, wrongfully withholds such property from the Central Government or the Government company; or

(b) wrongfully obtains possession of, or retains, any property forming part of, the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company; or

(c) wilfully withholds or fails to furnish to the Central Government or the Government company or any person or body of persons specified by that Government or the Government company, as the case may be, any document relating to the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company, which may be in his possession, custody or control; or

(d) fails to deliver to the Central Government or the Government company or any person or body of persons specified by that Government or the Government company, any assets, books of account, registers or other documents in his possession, custody or control relating to the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company; or

(e) wrongfully removes or destroys any property forming part of the Mokameh unit, or any of the undertakings owned by Arthur Butler and Company or prefers any claim under this Act which he knows or has reason to believe to be false or grossly inaccurate,

shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both.

**28: (1) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:**

Offences  
by com-  
panies.

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

Protection  
of action  
taken in  
good  
faith.

29. (1) No suit, prosecution or other legal proceeding shall lie against the Central Government or any officer of that Government or the Government company or other person authorised by that Government or the Government company for anything which is in good faith done or intended to be done under this Act.

(2) No suit or other legal proceeding shall lie against the Central Government or any of its officers or other employees or the Government company or any officer or other person authorised by that company for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

Dele-  
gation  
of powers.

30. (1) The Central Government may, by notification, direct that all or any of the powers exercisable by it under this Act, other than the powers conferred by sections 31 and 32, may also be exercised by such person or persons as may be specified in the notification.

(2) Whenever any delegation of power is made under sub-section (1), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

Power to  
make  
rules.

31. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:—

(a) the time within which, and the manner in which, an intimation referred to in sub-section (3) of section 4 shall be given;

(b) the manner in which the monies in any provident fund or other fund, referred to in sub-section (2) of section 14 shall be dealt with;

(c) any other matter which is required to be, or may be, prescribed.

(3) Every rule made by the Central Government under this Act 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 successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree 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.

32. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the appointed day.

33. It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principles specified in clause (b) of article 39 of the Constitution.

*Explanation.*—In this section, “State” has the same meaning as in article 12 of the Constitution.

Power to remove difficulties.

Declaration as to the policy of the State.

### THE FIRST SCHEDULE

(See sections 4, 7, 8 and 16)

S. No.	Name of the company	Amount (Rupees in lakhs)
1	The Britannia Engineering Company	152.85
2	Arthur Butler and Company	137.70

### THE SECOND SCHEDULE

(See sections 19, 20, 21 and 23)

#### ORDER OF PRIORITIES

##### Category I

(i) Employees' dues on account of arrears of tripartite settlement for the period from the 1st day of January, 1975 to the 31st day of May, 1975.

(ii) Employees' dues on account of unpaid salaries, wages, provident fund, Employees' State Insurance contribution or premium relating to Life Insurance Corporation of India.

##### Category II

Secured loans from nationalised banks and secured loans from Industrial Reconstruction Corporation of India for the post-take-over management period.

##### Category III

Central Government loans for the post-take-over management period.

*Category IV*

Secured loans from nationalised banks and secured loans from financial institutions for the pre-take-over management period.

*Category V*

Revenue, taxes, cesses, rates or other dues to Central Government, State Government and local authorities or State Electricity Board for the pre-take-over management period.

*Category VI*

Trade and other creditors for the pre-take-over management period.

R. V. S. PERI SASTRI,  
*Secy. to the Govt. of India.*