
INDUSTRIAL DEVELOPMENT BANK OF INDIA ACT 1964

THE INDUSTRIAL DEVELOPMENT BANK OF INDIA ACT, 1964

ACT NO. 18 OF 1964

[16th May, 1964.] BE

An Act to establish the Industrial Development Bank of India 1*[as the principal financial institution for co-ordinating, in conformity with national priorities, the working of institutions engaged in financing, promoting or developing industry, for assisting the development of such institutions] for providing credit and other facilities for the development of industry and for matters connected therewith and further to amend certain enactments. CHAP PRELIMINARY
CHAPTER I PRELIMINARY

Short title, extent and commencement.

1. Short title, extent and commencement.- (1) This Act may be called the Industrial Development Bank of India Act, 1964.

(2) It extends to the whole of India.

(3) It shall come into force on such date 2* as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act.

Definitions. 2. Definitions.- In this Act, unless the context otherwise requires,-- (a) "Board" means the Board of Directors of the Development Bank; (b) "Development Bank" means the Industrial Development Bank of India established under section 3; 3*[(c) "industrial concern" means any concern engaged or to be engaged in,-- (i) the manufacture, preservation or processing of goods; ----- 1. Ins. by Act 52 of 1975, s. 2 (w.e.f. 16-2-1976). 2. 20-6-1964, vide Notification No. G.S.R. 891, dt. 20-6-1964, Gazette of India, Extraordinary, Pt. II, Sec. 3 (i), p. 493. 3. Subs. by Act 52 of 1975, s. 3, for cl. (c) (w.e.f. 16-2-1976). 230 (ii) shipping; 1*[(iii) mining including development of mines] (iv) the hotel industry; 2*[(v) the transport of passengers or goods by road or by water or [by air or by ropeway or by life] 1*[(vi) the generation, storage or distribution of electricity or any other form of energy;] (vii) the maintenance, repair, testing or servicing of 3*[machinery or equipment] 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; 1*[(ix) the setting up of, or development of, an industrial area or an industrial estate;] (x) fishing or providing shore facilities for fishing maintenance thereof; (xi) providing special or technical knowledge or other services for the promotion of industrial growth; or 1*[(xii) providing engineering, technical, financial,

management, marketing or other services or facilities for industry; (xiii) service industry such as altering, ornamenting, polishing, finishing, oiling, washing, cleaning or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal; (xiv) providing medical, health or other allied services; (xv) providing services relating to information technology, telecommunication or electronics; (xvi) leasing, sub-leasing or giving on hire or hire- purchase of industrial plants, equipments, machinery or other assets including vehicles, ships and aircraft; (xvii) such other activity as the Central Government may, having regard to the objects of this Act, by notification in the Official Gazette, specify in this behalf; or (xviii) the research and development of any concept, technology, design, process or product whether in relation to any of the matters aforesaid, including any activities specified under sub-clause (xvii), or any other matter. 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.] 3*[(d) "Industrial Finance Corporation" means the Industrial Finance Corporation of India Limited formed and registered under the companies Act (1956 (1 of 1956). 4*[(da) "nationalised bank" means a corresponding new bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or a corresponding new bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);] (e)"prescribed" means prescribed by regulations made under this Act; (f) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934); ---
----- 1. Subs. by Act 35 of 1986, s. 2, for sub-section (iii), (vi), (ix) and Explanation. 2. Subs. by s. 2, for certain words .

(g)"scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934; (2 of 1934) 1*[(ga) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955; (23 of 1955.) (gb) "subsidiary bank" has the meaning assigned to it in the State Bank of India (Subsidiary Banks) Act, 1959; (38 of 1959.)] (h) "State co-operative bank" has the same meaning as in the Reserve Bank of India Act, 1934; (2 of 1934.) (i)"State Financial Corporation" means a financial corporation established under section 3 or section 3A of the State Financial Corporation Act, 1951 (63 of 1951.) and includes the 2*[Tamil Nadu] Industrial Investment Corporation Limited; 1*[(j)"Unit Trust" means the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963. (52 of 1963.)] CHAP ESTABLISHMENT OF THE INDUSTRIAL DEVELOPMENT BANK OF INDIA AND CAPITAL THEREOF CHAPTER II ESTABLISHMENT OF THE INDUSTRIAL DEVELOPMENT BANK OF INDIA AND CAPITAL THEREOF

Establishment and incorporation of Industrial Development Bank of India. 3. Establishment and incorporation of Industrial Development Bank

of India. (1) With effect from such date 3* as the Central Government may, by notification in the Official Gazette, appoint, there shall be established for the purposes of this Act a corporation to be known as the Industrial Development Bank of India.

(2) The Development Bank shall be a body corporate with the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by that name, sue or be sued.

(3) The head office of the Development Bank shall be at Bombay or at such other place as the 4*[Central Government] may, by notification in the Official Gazette, specify. -----
----- 1 Ins. by Act 52 of 1975, s. 3 (w.e.f. 16-2-1976). 2 Subs. by Act 75 of 1972, s. 2, for "Madras". 3 1-7-1964, vide Notification No. G.S.R. 892, dt. 22-6-1964, Gazette of India, Extraordinary, Pt. II, Sec. 3 (i), p. 495. 4 Subs. by Act 52 of 1975, s. 4, for "Reserve Bank" (w.e.f. 16-2-1976). 232

(4) The Development Bank may establish offices, branches or agencies at any 4*xxx place in or outside India.

Authorised capital. 1*[4. Authorised capital. The authorised capital of the Development bank shall be [one thousand crores of rupees] 5* Provided that the Central Government may, by notification in the Official Gazette, increase the said capital up to 5*[two thousand crores of rupees] 3*. 4A. Transfer of capital to Central Government.

4A. Transfer of capital to Central Government. (1) The issued capital of the Development Bank which has been subscribed by the Reserve Bank as on the date immediately preceding the commencement of section 5 of the Public Financial Institutions Laws (Amendment) Act, 1975 (52 of 1975.) (hereinafter referred to as the "appointed day"), shall, on such commencement, stand transferred to, and vested in, the Central Government.

(2) Any further issue of capital made by the Development Bank after the appointed day shall be wholly subscribed by the Central Government. 4B. Payment of amount. 4B. Payment of amount. The Reserve Bank shall be given by the Central Government, in cash, for the transfer to, and vesting in, the Central Government of the issued capital of the Development Bank which has been subscribed by the Reserve Bank, an amount equal to the face value of the said subscribed capital.] CHAP MANAGEMENT OF THE DEVELOPMENT BANK CHAPTER III
MANAGEMENT OF THE DEVELOPMENT BANK

Management.

5. Management. (1) The general superintendence, direction and management of the affairs and business of the Development Bank shall vest in a Board of Directors, which may exercise all powers and do all acts and things which may be exercised or done by the Development Bank.

2*[(2) Save as otherwise provided in regulations made under this Act,-- (a) the chairman, if he is a whole-time director or if he is holding offices both as the chairman and the managing director, or ----- 1 Subs. by Act 52 of 1975, s. 5, for s. 4 (w.e.f. 16-2-1976).

2 Subs. by s. 6, *ibid.*, for sub-section (2) (w.e.f. 16-2-1976). 3 Subs. by Act 72 of 1982, s.2 4 Omitted by Act 35 of 1986, s. 3 5 Subs. by s. 4, *ibid.* 233 (b) the managing director, if the chairman is not a whole-time director, or, if the chairman being a whole-time director, is absent, shall also have powers of general superintendence, direction and management of the affairs and business of the Development Bank and may also exercise all powers and do all acts and things which may be exercised or done by the Development Bank.]

(3) Subject to the provisions of this Act, the Board in discharging its functions shall act on business principles with due regard to public interest.

1*[(4) In the discharge of its functions under this Act, the Development Bank shall be guided by such directions in matters of policy involving public interest as the Central Government may give to it in writing.]

Constitution of Board.

2*[6. Constitution of Board. (1) The Board shall consist of the following, namely:-- (a) a chairman and a managing director appointed by the Central Government: Provided that the same person may be appointed to function both as chairman and as managing director; (b) a Deputy Governor of the Reserve Bank nominated by that Bank; (c) not more than twenty directors nominated by the Central Government of whom-- (i) two directors shall be officials of the Central Government; (ii) not more than five directors shall be from financial institutions; (iii) two directors shall be from amongst the employees of the Development Bank and the financial institutions, and of such directors, one shall be from amongst the officer employees and the other from amongst the workmen employees, selected in such manner as may be prescribed; (iv) not more than six directors shall be from the State Bank, the nationalised banks and the State Financial Corporations; ----- 1 Ins. by Act 52 of 1975, s. 6 (w.e.f. 16-2-1976). 2 Subs. by s. 7, ibid., for s. 6 (w.e.f. 16-2-1976). 234 (v) not less than five directors shall be persons who have special knowledge of, and professional experience in, science, technology, economics, industry, industrial co-operatives, law, industrial finance, investment, accountancy, marketing or any other matter, the special knowledge of, and professional experience in, which would, in the opinion of the Central Government, be useful to the Development Bank.

(2) The chairman and the managing director shall hold office for such term not exceeding five years as the Central Government may specify in this behalf and any person so appointed shall be eligible for re-appointment.

1*[(2A) Notwithstanding anything contained in sub-section (1), the Central Government shall have the right to terminate the term of office of the chairman or managing director, as the case may be, at

any time before the expiry of the term specified under sub-section (2) by giving him notice of not less than three months in writing or three months' salary and allowances in lieu of such notice; and the chairman or managing director, as the case may be, shall also have the right to relinquish his office at any time before the expiry of the term

specified under sub-section (2) by giving to the Central Government notice of not less than three months in writing.]

(3) The chairman and the managing director shall receive such salary and allowances as may be determined by the Central Government. 1*[(3A) The Central Government may, at any time, remove the chairman or the managing director, as the case may be, from office: Provided that no

person shall be removed from his office, under this sub-section, unless he has been given an opportunity of showing cause against his removal.]

(4) A nominated director shall hold office during the pleasure of the authority nominating him.

3*["(4A) Subject to the provisions of sub-section (4),-- (a) every director nominated under sub-clause (ii) or sub-clause

(iv) of clause (c) of sub-section (1) and not being an official of Government or not being an official or whole-time director of the Reserve Bank or a financial institution or the State Bank or a nationalised bank or a State Financial Corporation; and (b) every director nominated under sub-clause (iii) or sub-clause

(v) of clause (c) of sub-section (1), shall hold office for such term, not exceeding three years, as the Central Government may specify in this behalf and thereafter until his successor assumes office, and shall be eligible for re-nomination: Provided that no such director shall hold office continuously for a period exceeding six years."]

(5) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(6) The chairman or, if for any reason he is unable to attend a meeting of the Board, the managing director or, in the event of both the chairman and the managing director being unable to attend a ----- 1 Ins. by Act 73 of 1976, s. 5. (w.e.f. 11-6-1976). 2 Ins. by Act 35 of 1986, s. 5. 3 Subs. by Act 66 of 1988, s. 27 (w.e.f. 30-12-1988). 235 meeting, any other director nominated by the chairman in this behalf and in the absence of such nomination any director elected by the directors present from among themselves, shall preside at the meeting.

(7) All questions which come up before any meeting of the Board shall be decided by a majority of votes of the directors present and voting, and in the event of an equality of votes, the chairman, or in his absence, the managing director, or in the absence of both the chairman and the managing director, the person presiding, shall have a second or casting vote.

(8) Save as provided in sub-section (7), every director of the Board shall have one vote.] 6A. Financial institution. 1*[6A. Financial institution. Each of the institutions specified in this section, and no other institution, shall be regarded, for the purposes of this chapter, as a financial institution, namely:-- (i) the Industrial Credit and Investment Corporation of India Limited, formed and registered under the Indian companies Act, 1913; (7 of 1913.) (ii) the Industrial Finance Corporation of India, established under section 3 of the Industrial Finance Corporation Act, 1948; (15 of 1948.) 3*["(iii) the Industrial Reconstruction Bank of India, established under section 3 of the Industrial Reconstruction Bank of India Act, 1984;"] (iv) the Life Insurance Corporation of India, established under section 3 of the Life Insurance Corporation Act, 1956; (31 of 1956.) (v) the Unit Trust; and (vi) such other institution as the Central Government may, by notification in the Official Gazette, specify in this behalf.]

Executive Committee and other committees.

7. Executive Committee and other committees. 2*[(1) The Board shall constitute an Executive Committee consisting of-- (a) the chairman; (b) the managing director; (c) the director nominated by the Reserve Bank under clause

(b) of sub-section (1) of section 6; -----
..... 1 Ins. by Act 52 of 1975, s. 8 (w.e.f. 16-2-1976).

2 Subs. by s. 9, *ibid.*, for sub-section (1) (w.e.f. 16-2-1976). 3 Subs. by Act 35 of 1986, s. 6. 4 Omitted by Act 5 of 1995 s. 8 (w.e.f. 12-10-1994) 5 Ins. by s. 9, *ibid.* (w.e.f. 12-10-1994) 6 Subs. by s. 10, *ibid.* (w.e.f. 12-10-1994) 236 (d) eight of the directors nominated by the Central Government of whom-- (i) two shall be directors nominated under sub-

clause (i) of clause (c) of sub-section (1) of section 6; and (ii) six shall be directors nominated under sub- clause (ii) or sub-clause (v) of clause (c) of sub-

section (1) of section 6.]

(2) The Executive Committee shall discharge such functions as may be prescribed or as may be delegated to it by the Board.

(3) The Board may constitute such other committees whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons for such purpose or purposes as it may think fit.

(4) The Executive Committee or any other committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

Fees and allowances of directors and members of committees. 8. Fees and allowances of directors and members of committees. The directors and the members of a committee shall be paid such fees and allowances as may be prescribed for attending the meetings of the Board or of any committee constituted in pursuance of this Act and for attending to any other work of the Development Bank: 1*[Provided that no fees shall be payable to the chairman, if he is appointed whole-time, or to the managing director or to the whole time director or to any other director who is an official of the Government.] CHAP BUSINESS OF THE DEVELOPMENT BANK
CHAPTER IV BUSINESS OF THE DEVELOPMENT BANK

Business of Development Bank.

9. Business of Development Bank. (1) 2*[The Development Bank shall function as the principal financial institution for co- ordinating the working of institutions engaged in financing, promoting or developing industry and for assisting the development of such institutions in such manner as it ----- 1 Subs. by Act 52 of 1975, s. 10, for the proviso (w.e.f. 16-2- 1976). 2 Subs. by s. 11, *ibid.*, for "The Development

Bank may" (w.e.f. 16- 2-1976). 3 Subs. by Act 5 of 1995, s. 11 (w.e.f. 12-10-1994). 237 may deem appropriate and may] carry on any transact any of the following kinds of business, namely:-- (a) granting loans and advances to-- (i) the Industrial Finance Corporation, any State Financial Corporation or any other financial institution 1*[which approved by the Board in this behalf], by way of refinance of any loans or advances granted to industrial concerns 2*** by such Corporation or institution which are repayable 3*[within a period not exceeding twenty-five years]; (ii) any scheduled bank or State co-operative bank, by way of refinance of any loans or advances granted to industrial concerns 2*** by such bank which are repayable 3*[within a period not exceeding fifteen years]; (iii) any schedule bank or State co-operative bank or the Industrial Finance Corporation or any State Financial Corporation or any other financial institution 1*[which may be approved by the Board in this behalf], by way of refinance of any loans or advances granted to industrial concerns 4*[including concerns exporting products of industrial concerns)] or group of industrial concerns by such bank or institution which are for the purpose of, or in connection with, the export of capital goods, commodities or merchandise from India 3*[or the execution of any turnkey project outside India by any industrial concern as aforesaid or by any person in India, and, in any case, are repayable-- (i) within a period not exceeding twelve years in the case of persons outside India, and (ii) within a period not exceeding fifteen years in other cases] i. (b) subject to such conditions as may be prescribed, accepting, discounting or re-discounting bills of exchange and 3*[promissory notes made, drawn, accepted or endorsed ----- 1. Subs, by Act 5 of 1995, s. 12, for certain words (w.e.f 12-10-1994) 2. Certain words ins. by Act 75 of 1972, s. 3, omitted by Act 52 of 3. Subs. by Act 75 of 1972, s. 3 for certain words. 4. Ins. by s. 3, ibid. 238 by industrial concerns or by any person selling capital goods manufactured by one industrial concern to another industrial concern]; (c) subscribing to or purchasing stocks, shares, bonds or debentures of the Industrial Finance Corporation, any State Financial Corporation or 1*[any other financial institution, whether within or outside India,] 2*[Board which may be by the in this behalf approved]; 3*[(ca) granting lines of credit or loans and advances to the Industrial Finance Corporation, any State Financial Corporation or any other financial institution which may be notified by the Central Government in this behalf, for the purpose of any business of such Corporation or institution;] (d) granting loans and advances to any industrial concern or subscribing to, or purchasing, or underwriting the issue of stocks, shares, bonds or debentures of any industrial concern: Provided that nothing contained this clause shall be deemed to preclude the Development Bank from granting loans or advances to, or subscribing to debentures of, an industrial concern, 1*[the amounts outstanding thereon may be convertible at the option of the Development Bank] into stocks or shares of that concern within the period the loan, advance or debenture is repayable. 4*[Explanation.--In this clause, the expression "the amounts outstanding thereon" used in relation to any loan or advance, shall mean the principal, interest and other charges payable on such loan or advance as at the time when the amounts are sought to be converted into stocks or shares;] 4*[(da) granting loans and advances-- (i) to any person exporting products of industrial concerns; or (ii) to any person outside India, in connection with the export of capital goods from India; or (iii) for the execution of turn-key projects outside India by any industrial concern or by any person in India; (db) transferring for consideration any instrument relating to loans and advances granted by it to industrial concerns;] 3*[(dc) granting loans and advances to any person for purposes of investment in any industrial concern;] (e) guaranteeing deferred payments due from any industrial concern; ----- 1. Subs. by Act 75 of 1972, s. 3, for certain words. 2. Subs. by Act 5

of 1991, s. 12, for certain words (w.e.f. 12-10-1994). 3 Ins. by Act 35 of 1986, s. 7 4. Ins. by Act 75 of 1972, s. 3. 239 (f) guaranteeing-- (i) loans raised by industrial concerns which are floated in the public market; and (ii) loans raised by industrial concerns from any scheduled bank or State co-operative bank or the Industrial Finance Corporation or any State Financial Corporation or any other financial institution 1*[which may be approved by the Board in this behalf]; (g) guaranteeing the obligations of any scheduled bank or State co-operative bank or the Industrial Finance Corporation or any State Financial Corporation or any other financial institution 1*[which may be approved by the Board in this behalf arising out of, or in section with, undertaking the issue of stocks, share, lands or destbuter of any industrial cinwih; 2*[(ga) granting, opening, issuing, confirming or endorsing letters of credit and negotiating or collecting bills and other documents drawn thereunder; (gb) providing consultancy and merchant banking services in or outside India; (gc) acting as the trustee for the holders of debentures or other securities; (gd) acquiring, with the approval of the Central Government, the undertaking, including the business, assets and liabilities of any institution the principal object of which is the promotion or development of industry in India, or the grant of financial assistance for such promotion or development;] (h) 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; (i) providing technical 2*[legal marketing] and administrative assistance to any industrial concern or any person for promotion, management or expansion of any industry; (j) planning, promoting and developing industries to fill up gaps in the industrial structure in India; 3*[(k) promoting, forming or conducting or associating in the promotion, formation or conduct of companies, subsidiaries, societies, trusts or such other associations of persons as it may deem fit;] 4*[(ka) acting as agent of-- (i) the Central Government or of the Reserve Bank, or (ii) such other Government or person as the Central Government, 5*[in consultation with] the Reserve Bank, may authorise;] (l) performing functions entrusted to, or required of, the Development Bank by this Act or by any other law for the time being in force; ----- 1. Subs. by Act 5 of 1995, s. 12, for certain words (w.e.f. 8-10-1994) 2. Ins. by Act 35 of 1986, s. 7. 3. Subs. by s. 7, ibid. for cl. (x) 4. Ins. by Act 75 of 1972, s. 3. 5. Subs. by Act 52 of 1975, s. 11, for "on the recommendation of" (w.e.f. 16-2-1976). 240 (m) doing any other kind of business which the Central Government 1* may authorise; (n) generally doing such other acts and things as may be incidental to, or consequential upon, the exercise of its powers or the discharge of its duties under this Act or any other law for the time being in force including sale or transfer of any of its assets.

(2) The Development Bank may receive in consideration of any of

the services mentioned in sub-section (1) such commission, brokerage, interest, remuneration or fees as may be agreed upon.

(3) The Development Bank shall not grant any loan or advance or other financial accommodation on the security of its own bonds or debentures. 9A. Prohibited business.

2*[9A. Prohibited business.- (1) The Development Bank shall not enter into any kind of business with any industrial concern, of which any of the directors of the Development Bank is a proprietor, partner, director, manager, agent, employee or guarantor, or in which one or more

directors of the Development Bank together hold substantial interest: Provided that this sub-section shall not apply to any industrial concern if any director of the Development Bank-- (i) is nominated as a director of the Board of such concern by Government, or a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956), or by a Corporation established by any other law; or (ii) is elected on the Board of such concern by virtue of shares held in the concern by Government, or a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956), or by a Corporation established by any other law, by reason only of such nomination or election, as the case may be. Explanation.--"Substantial interest", in relation to an industrial concern, means the beneficial interest held by one or more of the directors of the Development Bank or by any relative [as

defined in clause (41) of section 2 of the Companies Act, 1956 (1 of 1956)] of such director, whether singly or taken together, in the shares of the industrial concern, the aggregate amount paid-up on which either exceeds five -----

1. The words "on the recommendation of the Reserve Bank" omitted by Act 52 of 1975, s. 11 (w.e.f. 16-2-1976). 2. Ins. by Act 75 of 1972, s. 4. 241 lakhs of rupees or five per cent. of the paid-up share capital of the industrial concern, whichever is the lesser.

(2) The provisions of sub-section (1)-- (i) shall not apply to any industrial concern as specified therein if the Development Bank is satisfied that it is necessary in the public interest to enter into business with that concern, and entering into any kind of business with such industrial concern shall be in accordance with and subject to such conditions and limitations as may be prescribed; (ii) shall not apply to any transaction relating to the business entered into prior to the commencement of the Industrial Development Bank of India (Amendment) Act, 1972 (75 of 1972), and all such business and any transaction in relation thereto may be implemented or contained as if that Act had not come into force; (iii) shall apply only so long as the conditions precedent to such disability as set out in the said sub-section continue.]

Loans by Central Government. 10. Loans by Central Government.-The Central Government may, after due appropriation made by Parliament by law in this behalf, advance to the Development Bank-- (a) an interest free loan of ten crores of rupees repayable in fifteen equal annual instalments, commencing on the expiry of a period of fifteen years from the date of the receipt of the loan; and (b) such further sums of money by way of loan on such terms and conditions as may be agreed upon: Provided that the Central Government may, on a request being made to it by the Development Bank, increase the number of instalments or alter the amount of any instalment or vary the date on which any instalment is payable under clause (a).

Borrowings and acceptance of deposits by Development Bank. 11. Borrowings and acceptance of deposits by Development Bank.-

(1) The Development Bank may, for the purpose of carrying out its functions under this Act,-- (a) issue and sell bonds and debentures with or without the guarantee of the Central Government; 242 (b) borrow money from the Reserve Bank-- (i) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date on which the money is so borrowed against the security of stocks, funds and securities (other than immovable property) in which a trustee is authorised to invest trust money by any law for the time being in force in India; (ii)

against bills of exchange or promissory notes arising out of bona fide commercial or trade transactions, bearing two or more good signatures and maturing within five years from the date of the borrowing; (iii) out of the National Industrial Credit (Long Term Operations) Fund established under section 46C of the Reserve Bank of India Act, 1934 (2 of 1934) for any of the purposes specified in that section; (c) borrow money from such other authority, organisation or institution in India as may be generally or specially approved by the 1*[the Board]. (d) 2*[(d) accept deposits on such terms as may be approved by the Board.]

(2) The Central Government may, on a request being made to it by the Development Bank, guarantee the bonds and debentures issued by that bank as to the repayment of principal and the payment of interest at such rate as may be fixed by that Government. 11A. Power to transfer rights. 1*[11A. Power to transfer rights.-The rights and interests of the Development Bank (including any other rights incidental thereto) in relation to any loan or advance granted, or any amount recoverable, by it may be transferred by the Development Bank, 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 in which the rights and interests in relation to such loan or advance may be lawfully transferred, and the Development Bank may, notwithstanding such transfer, act as the trustee for the transferee.] 11B. Power to acquire rights. 2*[11B. Power to acquire rights.-The Development Bank 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 (1 of 1956) (including any other rights incidental thereto) in relation to any loan or advances 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 or in any other manner.] ----- 1. Subs. by Act 5 of 1995, s. 13, for certain words (w.e.f. 12-10-1994). 2. Subs. by s. 13, for cl. (d) (w.e.f. 12-10-1994). 3. Ins. by Act 75 of 1972, s. 5. 4. Ins. by Act 35 of 1986, s. 8. 243

Loans in foreign currency.

12. Loans in foreign currency.- (1) Notwithstanding anything contained in the Foreign Exchange Regulation Act, 1947 (1 of 1947) or in any other enactment for the time being in force relating to foreign exchange, the Development Bank may, for the purpose of granting loans and advances under this Act, borrow, with the previous consent of the Central Government, foreign currency from any bank or financial institution in any foreign country or otherwise.

(2) The Central Government may, where necessary, guarantee any

loan taken by the Development Bank under sub-section (1) or any part thereof as to the repayment of principal and the payment of interest and other incidental charges. 1 * * * * * -----

1 Subs. by Act 75 of 1972, s. 6, for sub-sections (3) and (4).

2 Sub-sections (3) and (4) omitted by Act 5 of 1995, s. 14, (w.e.f. 12-10-1994). 244

Grants, donations, etc., to Development Bank. 13. Grants, donations, etc., to Development Bank. The Development Bank may receive gifts, grants, donations or benefactions from Government or any other source. CHAP DEVELOPMENT ASSISTANCE FUND CHAPTER V DEVELOPMENT ASSISTANCE FUND

Development Assistance Fund. 14. Development Assistance Fund.- With effect from such date as the Central Government may, by notification in the Official Gazette, appoint, the Development Bank shall establish a special fund to be called the Development Assistance Fund.

Credits to Development Assistance Fund. 15. Credits to Development Assistance Fund.- To the Development Assistance Fund shall be credited-- (a) all amounts received for the purposes of that fund by way of loans, gifts, grants, donations or benefactions from Government or any other source; (b) repayments or recoveries in respect of loans, advances or other facilities granted from the fund; (c) income or profits from investments made from the fund; and (d) income accruing or arising to the fund, by way of interest or otherwise, on account of the application of the fund in accordance with the provisions of section

Utilisation of Development Assistance Fund.

16. Utilisation of Development Assistance Fund.-(1) Where the Development Bank considers it necessary or desirable so to do, it may,

subject to the provisions of sub-sections (2) and (3), disburse or spend from the Development Assistance Fund any amount on account or in consequence of the grant of any loan or advance, or on account or in consequence of entering into any arrangement, under clause (d) or

clause (e) or clause (f) or clause (g) of sub-section (1) of section 9: Provided that before granting any such loan or advance to an industrial concern or entering into any such arrangement with or in relation to an industrial concern, the Development Bank shall obtain the prior approval of the Central Government. ----- 1. Ins. by Act 5 of 1995, s.15 (w.e.f.12-10-1994). 245

1*[(1) Where the Development Bank considers it necessary or desirable so to do, it may, subject to the provisions of sub-sections

(2) and (3), disburse or spend from the Development Assistance Fund any amount for one or more of the purposes specified in clause (l) or

clause (m) of sub-section (1) of section 9.]

(2) Before seeking the approval of the Central Government under

sub-section (1), the Development Bank shall satisfy itself that banking or other financial institutions or other agencies are not likely to grant such loan or advance to the industrial concern or to enter into any such arrangement with or in relation to the industrial concern in the ordinary course of business.

(3) The Central Government, before giving its approval, shall satisfy itself that such loan, advance or arrangement is necessary as a matter of priority in the interests of the industrial development of the country.

(4) For the removal of doubts it is hereby declared that nothing contained in this section shall be deemed to preclude the Development Bank from granting any loan or advance or from entering into any arrangement under clause (d) or clause (e) or clause (f) or clause (g)

of sub-section (1) of section 9 without the approval of the Central Government, if no amount in respect thereof is to be disbursed or spent from the Development Assistance Fund.

Debits to Development Assistance Fund.

17. Debits to Development Assistance Fund.-(1) To the Development Assistance Fund shall be debited-- (a) such amounts as may from time to time be disbursed or

spent under sub-sections (1) to (3) of section 16; (b) such amounts as may be required for discharging the liabilities in respect of loans received for the purposes of that fund; (c) any loss arising on account of investment made out of that fund; and (d) such expenditure arising out of, or in connection with, the administration and application of the fund as may be determined by the Board.

(2) No amount shall be debited to the Development Assistance Fund

except as provided for in sub-section (1). -----
--- 1. Ins. by Act 52 of 1975, s. 12 (w.e.f. 16-2-1976). 246

Accounts and audit of Development Assistance Fund.

18. Accounts and audit of Development Assistance Fund.-(1) The balance-sheet and accounts of the Development Assistance Fund shall be prepared in such form and manner as may be prescribed.

(2) The Board shall cause the books and accounts of the fund to be closed and balanced as on the 30th day of June each year 4*[or such other date, as the Central Government may, by notification in the Official Gazette, appoint]. 5*[Provided that with a view to facilitating the transition from one period of accounting to another period of accounting under this sub-section, the Central Government may, by order published in the Official Gazette, make such provisions as it considers necessary or expedient for the closing and balancing of, or for other matters relating to, the books or accounts in respect of the concerned years.]

(3) The fund shall be audited by one or more auditors appointed by the 3*[Development Board] under section 23 who shall make a separate report thereon.

(4) The provisions of sub-sections (2), (3), (4) and (6) of section 23 shall, so far as may be, apply in relation to the audit of the Development Assistance Fund.

(5) The Development Bank shall furnish to the Central Government 4*** within four months from the date on which the accounts of the fund are closed and balanced, a copy of the balance-sheet and accounts together with a copy of the auditors' report and a report on the operation of the fund during the relevant year and 5*[the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament].

Liquidation of Development Assistance Fund. 19. Liquidation of Development Assistance Fund.-The Development Assistance Fund shall not be closed or wound up save by order of the Central Government and in such manner as that Government may direct. CHAP GENERAL FUND, ACCOUNTS AND AUDIT CHAPTER VI GENERAL FUND, ACCOUNTS AND AUDIT

General Fund. 20. General Fund.-All receipts of the Development Bank other than those which are to be credited to the Development Assistance Fund under this Act shall be credited to a fund to be called the General Fund and all payments by the Development Bank, other than those which are to be debited to the Development Assistance Fund, shall be made out of the General Fund.

Preparation of accounts and balance sheet.

21. Preparation of accounts and balance sheet.- (1) The balance- sheet and accounts of the Development Bank shall be prepared in such form and manner as may be prescribed. -----
----- 1. Ins. by Act 35 of 1986, s. 9. 2. Ins. by Act 66 of 1988, s. 28 (w.e.f. 30-12-1988). 3. Subs. by Act 5 of 1995, s. 16, for "Central Government" (w.e.f. 12-10-1994). 4. The words "and the Reserve Bank" omitted by Act 52 of 1975 s. 13 (w.e.f. 16-2-1976). 5. Subs. by s. 13, ibid., for certain words (w.e.f. 16-2-1976). 12-10-1994. 247

(2) The Board shall cause the books and accounts of the Development Bank to be closed and balanced as on the 30th day of June each year 1*[or such other date, as the Central Government may, by notification in the Official Gazette, appoint:] 2*[Provided that with a view to facilitating the transition from one period of accounting to another period of accounting under this sub-section, the Central Government may, by order published in the Official Gazette, make such provisions as it considers necessary or expedient for the closing and balancing of, or for other matters relating to, the books or accounts in respect of the concerned years.]

Disposal of profits accruing to General Fund.

22. Disposal of profits accruing to General Fund. (1) The Development Bank may establish a reserve fund to which may be transferred such sums as that bank may deem fit out of the annual profits accruing to the General Fund.

3*[(2) After making provision for bad and doubtful debts, depreciation of assets and for all other matters for which provision is necessary or expedient or which is usually provided for by bankers

and for the reserve fund referred to in sub-section (1), and after transferring a part of the profits to such other reserves or funds as may be considered appropriate, the Board may, out of its net profit declare a dividend.]

Audit.

23. Audit.- 4*[(1) The accounts of the Development Bank shall be audited by auditors duly qualified to act as auditors under sub-

section (1) of section 226 of the Companies Act, 1956 (1 of 1956) who shall be appointed by the Development Bank in general meeting of the shareholders out of the panel of auditors approved by the Reserve Bank for such term and on such remuneration as the Reserve Bank may fix.]

(2) The auditors shall be supplied with a copy of the annual balance-sheet of the Development Bank and it shall be their duty to examine it together with the accounts and vouchers relating thereto and they shall have a list delivered to them of all books kept by the Development Bank and shall at all reasonable times have access to the books, accounts, vouchers and other documents of the Development Bank.

(3) The auditors may, in relation to such accounts, examine any director or any officer or other employee of the Development Bank and shall be entitled to require from the Board or officers or other employees of the Development Bank such information and explanation as they may think necessary for the performance of their duties.

(4) The auditors shall make a report to the Development Bank upon the annual balance-sheet and accounts examined by them and in every such report they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the Development Bank and in case they had called for any explanation or information from the Board -----
----- 1. Ins. by Act 35 of 1986, s. 10. 2. Ins. by Act 66 of 1988, s. 29 (w.e.f. 30-12-1988).

3. Subs. by Act 5 of 1995, s. 17, for sub-section (2) (w.e.f. 12-10-1994).

4. Subs. by s. 18, *ibid.*, for sub-section (1) (w.e.f. 12-10-1993). 248 or any officer or other employee of the Development Bank whether it has been given and whether it is satisfactory.

(5) The Development Bank shall furnish to the 1*[Central Government] 2*[within one month from the date on which the annual general meeting is held], a copy of its balance-sheet and accounts together with a copy of the auditors' report and a report of the working of the Development Bank during the relevant year, and 3*[the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament].

(6) Without prejudice to anything contained in the preceding sub-sections, the Central Government may at any time appoint the Comptroller and Auditor-General of India to examine and report upon the accounts of the Development Bank and any expenditure incurred by him in

connection with such examination and report shall be payable by the Development Bank to the Comptroller and Auditor-General of India.

Saving.

24. Saving.- Save as otherwise provided in sub-section (4) of section 18, nothing contained in this Chapter shall apply to the Development Assistance Fund. CHAP TRANSFER OF BUSINESS OF REFINANCE CORPORATION FOR INDUSTRY CHAPTER VII TRANSFER OF BUSINESS OF REFINANCE CORPORATION FOR INDUSTRY

Transfer of assets and liabilities of Refinance Corporation for Industry. 25. Transfer of assets and liabilities of Refinance Corporation

for Industry.- (1) On such date as the Central Government may, by notification in the Official Gazette, appoint, the entire undertaking of the Refinance Corporation for Industry, Limited (hereinafter in this Chapter referred to as "the company") including all business, property, assets and liabilities, rights, interests, privileges and obligations of whatever nature, shall stand transferred to and vest in the Development Bank.

(2) As compensation for the transfer of the undertaking of the

company to the Development Bank under sub-section (1), the Development Bank shall pay in cash to the company an amount equal to the total paid-up capital of the company for the purpose of being distributed to the shareholders of the company in proportion to their contribution to such paid-up capital. ----- 1. Subs. by Act 52 of 1975, s. 15, for "Reserve Bank" (w.e.f. 16-2-1976). 2. Subs. by Act 5 of 1995, s. 18, for certain words (w.e.f. 12-10-1994) 3. Subs. by Act 52 of 1975 s. 15, for certain words (w.e.f. 16-2-1976). 249

(3) All contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the date

referred to in sub-section (1) and to which the company is a party or which are in favour of that company shall be of full force and effect against or in favour of the Development Bank, as the case may be, and may be enforced or acted upon as fully and effectually as if instead of the company the Development Bank had been a party thereto or as if they had been issued in favour of the Development Bank.

(4) If on the date referred to in sub-section (1) any suit, appeal or other legal proceeding of whatever nature, is pending by or against the company, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the Development Bank of the undertaking of the company or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Development Bank.

(5) The Central Government may appoint, whether on or after the

date referred to in sub-section (1), a suitable person to take over the management of the company for the purpose of winding up its affairs and distributing its assets and simultaneously with such appointment the Central Government may issue directions to be followed by the person in the management of the company for the purpose aforesaid and thereupon-- (a) the provisions of the Companies Act, 1956 (1 of 1956) or any other law for the time being in force or any instrument having effect by virtue of any such Act or other law, in so far as they are inconsistent with such directions, shall cease to apply to, or in relation to, the company; (b) all persons in charge of the management, including any person holding office as manager or director, of the company immediately before the issue of such directions, shall be deemed to have vacated their office as such; and (c) the person appointed to take over the management of the company shall, in accordance with those directions, take all such steps as may be necessary to facilitate the winding up of its affairs and the distribution of its assets. 250

(6) The Central Government, when satisfied that nothing further requires to be done in order to wind up the affairs of the company, may, by order in writing, direct that as from such date as may be specified therein, the company shall stand dissolved and thereupon any such direction shall have effect accordingly.

(7) The provisions of this section shall have effect notwithstanding anything contained in the Companies Act, 1956 (1 of 1956) or any other law or any instrument having force by virtue of such Act or other law. CHAP MISCELLANEOUS CHAPTER VIII MISCELLANEOUS

Staff of Development Bank.

26. Staff of Development Bank.- (1) The Development Bank may appoint such number of officers and 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.

(2) Without prejudice to the provisions of sub-section (1), it shall be lawful for the Development Bank to utilise, and for the Reserve Bank to make available the services of, such staff of the Reserve Bank on such terms and conditions as may be agreed upon between the Development Bank and the Reserve Bank.

1*[(3) Every member of the staff-- (a) whose services are being, immediately before the appointed day, utilised by the Development Bank under

sub-section (2), or (b) whose services, having been made available to the Development Bank, stand immediately before the appointed day, deputed by that Bank to any other organisation, shall, on and from the appointed day, be deemed to be appointed by the

Development Bank under sub-section (1) on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before the appointed day: Provided that every member of the staff aforesaid other than those recruited specifically for utilisation in the Development Bank, may, before the expiry of a period of eighteen months from the appointed day, elect to go back to the Reserve Bank by exercising an -----
----- 1. Ins. by Act 52 of 1975, s. 16 (w.e.f. 16-2-1976). 251 option in

writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of thirty months from the appointed day, take back such member of the staff and on such member being taken back by the Reserve Bank, he shall become a member of the staff of the Reserve Bank and shall cease to be a member of the staff of the Development Bank.

(4) If on the appointed day or at any time thereafter any of the functions of the Reserve Bank is transferred to the Development Bank, it shall be lawful for the Development Bank to appoint, with the previous approval of the Reserve Bank, such of the members of the staff of the Reserve Bank whose services were, immediately before the transfer aforesaid, being utilised by the Reserve Bank in connection with any of the said functions, and every member of the staff so appointed shall be released by the Reserve Bank and be deemed to be

appointed by the Development Bank under sub-section (1) on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before the date of his appointment: Provided that every member of the staff aforesaid may, before the expiry of a period of eighteen months from the appointed day, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of thirty months from the appointed day, take back such member of the staff and on such member being taken back by the Reserve Bank he shall become a member of the staff of the Reserve Bank and shall cease to be a member of the staff of the Development Bank.

(5) Notwithstanding anything contained elsewhere in this Act or in any other law or in any contract, for the time being in force, for a temporary period, not being a period exceeding eighteen months from the appointed day or the date notified under section 4A of the Unit Trust of India Act, 1963 (52 of 1963), whichever is earlier, if the Reserve Bank in consultation with the Development Bank or the Unit Trust considers it necessary, in the interest of any of the said institutions to promote any member of the staff of any of the said institutions to a post in either of the other two institutions, it shall be lawful, for the Reserve Bank to transfer on promotion any such member of staff to that other institution and on such transfer each 252 such member of the staff shall be deemed to be a member of the staff of the other institution to which he is so transferred and shall be entitled to the same salary, emoluments and other conditions of service to which he was entitled immediately before the date of such transfer, including benefits, if any, arising directly out of such promotion: Provided that every member of the staff aforesaid may, before the expiry of a period of eighteen months from the appointed day or the date notified under section 4A of the Unit Trust of India Act, 1963 (52 of 1963), whichever is earlier, elect to go back to the institution from which he was so transferred by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, that institution shall, before the expiration of a period of thirty months from the appointed day or the date notified under section 4A of the Unit Trust of India Act, 1963, whichever is earlier, take back such member of the staff and on such member being taken back by that institution, he shall become a member of its staff and shall cease to be a member of the staff of the institution to which he was earlier transferred.

(6) Notwithstanding anything contained in any other law or in any agreement, for the time being in force, no member of the staff shall be entitled to claim any compensation for, or in relation to any matter concerning, his transfer, appointment, or as the case may be,

return, under sub-sections (3) to (5) and no claim in respect thereof shall be entertained by any court, tribunal or other authority.]

Delegation of powers. 27. Delegation of powers.- The Board may by general or special order, delegate to any committee of directors constituted under section 7 or to any director or to any officer or other employee of the Development Bank, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and duties under this Act as it may deem necessary.

Returns. 28. Returns.- The Development Bank shall furnish, from time to time, to the Central Government and the Reserve Bank such returns as the Central Government or, as the case may be, the Reserve Bank, may require.

Obligation as to fidelity and secrecy.

29. Obligation as to fidelity and secrecy.- (1) The Development Bank shall not, except as otherwise required by this Act or any other law, divulge any information relating to, or to the affairs of, its constituents except in circumstances in which it is, in accordance with the law or practice and usage customary among bankers, necessary or appropriate for the Development Bank to divulge such information. 1*[(1A) The Development Bank may, for the purpose of the efficient discharge of its functions under this Act, collect from or furnish to the Central Government, the State Bank, any subsidiary bank, nationalised bank or other scheduled bank, State Co-operative Bank, State Financial Corporation or such other financial institution, as may be notified by the Central Government in this behalf, credit information or other information as it may consider useful for the purpose, in such manner and at such times, as it may think fit. Explanation.--For the purpose of this sub-section, the expression "credit information" shall have the same meaning as in clause (c) of section 45A of the Reserve Bank of India Act, 1934 (2 of 1934), subject to the modification that "banking company" referred to therein shall mean the State Bank, any subsidiary bank, nationalised bank or other scheduled bank, State Co-operative Bank, State Financial Corporation or other financial institution as aforesaid.]

(2) Every director, member of a committee, auditor or officer or other employee of the Development Bank or of the Reserve Bank, whose services are utilised by the Development Bank under the provisions of this Act, shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the First Schedule to this Act.

Defects in appointments not to invalidate acts, etc.

30. Defects in appointments not to invalidate acts, etc.- (1) No act or proceeding of the Board or of any committee of the Development Bank shall be questioned on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Board or the committee, as the case may be.

(2) No act done by any person acting in good faith as a director shall be deemed to be invalid merely on the ground that he was disqualified to be a director or that there was any other defect in his appointment. 30A. Arrangement with Development Bank on appointment of directors to prevail. 2*[30A. Arrangement with Development Bank on appointment of

directors to prevail.-(1) Where any arrangement entered into by the Development Bank with an industrial concern provides for the appointment by the Development Bank of one or more directors of such industrial ----- 1. Ins. by Act 52 of 1975, s. 17 (w.e.f. 16-2-1976). 2. Ins. by Act 75 of 1972, s. 7. 254 concern, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956 (1 of 1956) or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to the industrial concern, and any provision regarding share qualification, age limit, number of directorships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the Development Bank in pursuance of the arrangement as aforesaid.

(2) Any director appointed as aforesaid shall-- (a) hold office during the pleasure of the Development Bank and may be removed or substituted by any person by order in writing of the Development Bank; (b) not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or anything in relation thereto; (c) not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement.]

Indemnity of directors,

31. Indemnity of directors, (1) Every director shall be indemnified by the Development Bank against all losses and expenses incurred by him in, or in relation to, the discharge of his duties, except such as are caused by his own wilful act or default.

(2) A director shall not be responsible for any other director or for any officer or other employee of the Development Bank or for any loss or expenses resulting to the Development Bank from the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the Development Bank or the insolvency or wrongful act of any debtor or any person under obligation to the Development Bank or anything done in good faith in the execution of the duties of his office or in relation thereto.

Protection of action taken under this Act. 32. Protection of action taken under this Act. No suit or other legal proceeding shall lie against the Development Bank or any director or any officer or other employee of the Development Bank or any other person authorised by the Development Bank to discharge any functions under this Act for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act or any other law or provision having the force of law.

32A. (1) Nomination in respect of deposits, bonds, etc. Notwithstanding anything contained in any other law for the time being in force, where a nomination in respect of any deposits, bonds or

other securities is made in the prescribed manner, the amount due on such deposits, bonds or securities shall, on the death of the depositor or holder thereof, vest in, and be payable to, the nominee subject to any right, title or interest of any other person to such deposits, bonds or securities.

(2) Any payment by the Development Bank in accordance with the

provisions of sub-section (1) shall constitute a full discharge to the Development Bank of its liability in respect of such deposits, bonds or securities. 255

Act 18 of 1891 to apply in relation to Development Bank. 33. Act 18 of 1891 to apply in relation to Development Bank.- The Bankers' Books Evidence Act, 1891 shall apply in relation to the Development Bank as if it were a bank as defined in section 2 of that Act.

Act 10 of 1949 not to apply to Development Bank. 2*["34. Act 10 of 1949 not to apply to Development Bank. Nothing contained in the Banking Regulation Act, 1949 except section 34A and section 36AD thereof, shall apply to the Development Bank."]

Liquidation of development Bank. 36. Liquidation of development Bank. No provision of law relating to the winding up of companies or corporations shall apply to the Development Bank and the Development Bank shall not be placed in liquidation save by order of the Central Government and in such manner as it may direct.

Power to make regulations.

37. Power to make regulations. (1) The Board 3*["], with the previous approval of the Central Government, may, by notification in the Official Gazette,"], make regulations not inconsistent with this Act to provide for all matters for which provisions is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for-- (a) the times and places of the meetings of the Board or of any committee constituted under this Act and the ----- 1
Subs. by Act 52 of 1975, s. 18, for "Reserve Bank" (w.e.f. 16-2- 1976). 2 Subs. by Act 35 of 1986, s. 11. 3 Subs by Act 4 of 1986, s. 2 & sch. (w.e.f. 15-5-1986). 4 Omitted by Act 49 of 1991, s. 124 (w.e.f. 1-4-1992). 256 procedure to be followed at such meetings including the quorum necessary for the transaction of business; (b) the 1* functions of the Executive Committee; (c) the fees and allowances that may be paid to the directors and the members of a committee; (d) the conditions which the Development Bank may impose in granting loans or advances or entering into any other arrangements; 2*[(da) entering into business with industrial concerns

specified in sub-section (1) of section 9A and the conditions and limitations in regard thereto;] (e) the conditions on which the Development Bank may accept, discount or rediscount bills of exchange or promissory notes; (f) the investment (whether by way of deposit in banks or otherwise) of the amounts in the Development Assistance Fund or the General Fund which are

not for the time being required for the transaction of business; (g) the form and manner in which the balance-sheets and the accounts of the Development Assistance Fund and the Development Bank shall be prepared; (h) the forms of returns and statements required under this Act; (i) the duties and conduct, salaries, allowances and conditions of service of officers and other employees of the Development Bank; (j) the establishment and maintenance of provident or other benefit funds for officers and other employees of the Development Bank; (k) generally, the efficient conduct of the affairs of the Development Bank; and (l) any other matter which is to be, or may be, prescribed.

(3) Any regulation which may be made by the Board under this Act may be made by the Reserve Bank within three months of the establishment of the Development Bank; and any regulation so -
----- 1 The words "constitution and" omitted by Act 52 of 1975, s. 18 (w.e.f. 16-2-1976). 2 Ins. by Act 75 of 1972, s. 8. 257 made may be altered and rescinded by the Board in the exercise of its powers under this Act.

2*["(4) Every regulation made 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 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 or rule."]

Amendment of certain enactments. 38. Amendment of certain enactments. The enactments specified in Parts I to IV of the Second Schedule to this Act shall be amended in the manner directed in the first column thereof and such amendments shall take effect on the dates specified in the second column of that Schedule.

Power to remove difficulty. 1*[39. Power to remove difficulty. If any difficulty arises in giving effect to the provisions of this Act, as amended by the Public Financial Initiations Laws (Amendment) Act, 1975, (52 of 1975.) the Central Government may, by order, do anything, not inconsistent with such provisions, for the purpose of removing the difficulty: Provided that no such order shall be made after the expiration of three years from the date of commencement of the said Amendment Act.] SCHE Amendment of certain enactments THE SECOND SCHEDULE (See section 38) Amendment of certain enactments

[Not printed.]