



## ***ALO Law Office- IDT Tax | Arbitration | Litigation***

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### **BIS can be enforced through QCO only on Scheduled Industry under the IDR Act, 1951**

The Industries (Development and Regulation) Act, 1951 (IDRA) is a cornerstone in the legal and regulatory architecture of industrial policy in India. Enacted on 8th October 1951, the Act was passed under Entry 52 of the Union List of the Constitution of India, which empowers the Central Government to regulate industries declared by Parliament to be under its control in public interest.

The IDRA laid the legislative foundation for India's planned economic growth in the post-independence era. It served as the backbone of industrial licensing, control, and regulation, commonly referred to as the "License Raj."

Even though economic liberalization in 1991 significantly relaxed licensing controls, the Act continues to apply in critical sectors such as defence, hazardous chemicals, and atomic energy, and was last substantively amended in 2016.

#### **Objectives of the Act**

The key objectives of the IDRA, 1951 include:

- Regulation and development of scheduled industries in accordance with national policy
- Equitable distribution of resources and balanced regional development
- Control over production, quality, pricing, and distribution of essential industrial goods
- Preventing monopolistic and unfair trade practices
- Government intervention in mismanaged or non-performing industrial units

## Salient Provisions of the IDRA

### 1. Section 2 – Declaration of Controlled Industries

This section declares that industries specified in the First Schedule are under the control of the Union Government. This declaration is a constitutional precondition to apply Central laws to industries, using Entry 52 of List I (Union List) of the Seventh Schedule.

### 2. Sections 10–13 – Licensing and Registration

- No new industrial undertaking can commence production in scheduled industries without a license.
- Substantial expansion or manufacture of new articles also requires prior approval.
- Registration is mandatory for existing industries.

### 3. Section 15 – Investigation of Industries

Allows the government to investigate any scheduled industry where:

- There is a fall in production
- Public interest is at stake
- There is mismanagement or neglect

### 4. Sections 18A–18F – Takeover of Management

The Central Government can assume management control of undertakings found to be:

- Persistently mismanaged
- Operating against public interest
- In violation of the Act or license conditions

### 5. Section 18G – Control of Supply and Pricing

Empowers the government to regulate:

- Supply and distribution of industrial products
- Pricing to prevent hoarding and black marketing

## First Schedule: Industries Covered Under IDRA

The First Schedule of the IDRA lists industries declared to be under the control of the Union, thus enabling Central regulation.

### Key Categories of Scheduled Industries:

1. **Metallurgical industries:** Iron, steel, copper, Aluminium, zinc
2. **Fuel industries:** Coal, petroleum, natural gas
3. **Chemical industries:** Fertilizers, drugs, paints, explosives
4. **Mechanical engineering industries:** Machine tools, construction equipment
5. **Electrical equipment industries:** Cables, motors, transformers
6. **Telecommunications:** Radios, mobile handsets, satellite communication

7. **Transportation industries:** Automobiles, shipbuilding, railways, aircraft
8. **Textile industries:** Cotton, wool, silk, synthetic fibers
9. **Food processing industries:** Sugar, dairy, edible oil
10. **Miscellaneous industries:** Cement, glass, paper, rubber, leather

As of now, the First Schedule contains over 25 broad groups, each with several sub-categories. This schedule is updated periodically by legislation or notifications.

### **What if an Industry is Not Listed in the First Schedule?**

Industries not mentioned in the First Schedule are not governed by the IDRA.

#### **Inapplicability of the Act:**

- No licensing or registration requirement under IDRA.
- The government cannot exercise powers of takeover, price control, or investigation under this Act.
- Such industries remain governed by general laws like the Companies Act, Environmental laws, State industrial policies, and labour laws.

#### **Applicability in Case Product Is Not in First Schedule**

##### **If a product is not covered under the First Schedule, then:**

1. IDRA, 1951 does not apply to that industry unless the Schedule is amended to include it.
2. The regulation of such industry would then fall to:
  - State Governments (under Entry 24 of List II – State List), or
  - General laws applicable across sectors (like Environment Acts, BIS, FSSA, MSME Acts, etc.)

#### **Example:**

- Steel, cement, and automobiles are included in the First Schedule, so the Central Government can regulate them under IDRA.
- Software development or IT services are not in the First Schedule, hence IDRA doesn't apply to them. Such industries are governed by other laws like IT Act, Shops & Establishments Acts (State laws), etc.

**Applicability of the QCO on the Product, Which is Covered under the First Schedule Industry List- Comparative Table: IDRA First Schedule vs. BIS Act, 2016 (Section 16) – Applicability of QCOs**

S. No.	Industry/Product Category (from First Schedule – IDRA, 1951)	QCO Applicability under Section 16 of BIS Act, 2016	Remarks
1	Metallurgical industries (ferrous & non-ferrous metals like steel, aluminum, copper)	Applicable	Numerous QCOs notified for steel pipes, billets, wires, copper tubes, etc.
2	Boilers and steam-generating plants	Applicable	Boiler safety valves and components under QCO in public interest
3	Telecommunications equipment	Applicable	Routers, modems, PoE switches, mobile devices under CRS/BIS QCOs
4	Electrical equipment (transformers, motors, etc.)	Applicable	BIS QCOs for transformers, fans, motors, and ISI marking mandatory
5	Cement and cement products	Applicable	Multiple QCOs issued for Portland cement types, white cement, etc.
6	Paper and pulp products	Applicable	QCOs apply to copier paper, packaging board, kraft paper
7	Industrial machinery	Selective Applicability	QCOs apply to components like pumps, compressors, but not entire machines unless specified
8	Fertilizers	Applicable	Some fertilizers notified under BIS QCO; ISI marking mandated
9	Chemicals (inorganic & organic)	Applicable	QCOs exist for acids, solvents, plasticizers, specialty chemicals
10	Drugs and pharmaceuticals	BIS Not Primary Authority	Regulated mainly by CDSCO under Drugs Act; BIS standards optional unless notified jointly
11	Leather and leather products	Applicable	Footwear products under QCO with mandatory BIS certification

S. No.	Industry/Product Category (from First Schedule – IDRA, 1951)	QCO Applicability under Section 16 of BIS Act, 2016	Remarks
12	Food processing industries	Applicable	Food contact materials, stainless steel utensils, packaging notified under BIS QCOs
13	Textiles and garments	Applicable	QCOs for polyester yarn, sewing thread, protective clothing, synthetic fibers
14	Automobiles and transport equipment	Applicable	Tyres, safety glass, brake linings, helmets – all notified under BIS QCOs
15	Industrial gases	Applicable	QCOs for oxygen, hydrogen, acetylene cylinders and valves

### Key Legal Provision: Section 16 of BIS Act, 2016

**Section 16(1):** “The Central Government may... notify that any goods or article or process or service shall conform to a standard and use Standard Mark...”

- BIS is enforceable through QCO to First Schedule industries only.
- Any article, product, process, or service may be made subject to mandatory BIS certification via a QCO.

### Relevant Provision: Section 2 of IDRA, 1951:

- Section 2 is the enabling clause that restricts the applicability of the Act only to industries listed in the First Schedule.
- *Unless an industry is declared by law to be under Union control and added to the First Schedule, IDRA provisions cannot apply to it.*

### Amendments to the Act – Focus on 2016 Amendment

Over the decades, the Act has been amended to reflect India’s evolving industrial policy. Key milestones include:

#### Key Amendments Timeline:

- **1953 & 1956** – Early empowerment to investigate and take over mismanaged industries
- **1971 & 1984** – Expansion of takeover provisions
- **1991** – Major reform: Industrial licensing abolished for most industries
- **2016** – Latest amendment aimed at aligning with "Ease of Doing Business"

### Why Was the Act Amended in 2016?

The Industries (Development and Regulation) Amendment Act, 2016 was introduced to:

- Exclude alcohol for potable purposes from Central control under the IDRA
- Empower states to regulate industries engaged in alcoholic beverages for human consumption
- Align with Supreme Court rulings affirming states' exclusive jurisdiction over alcoholic beverages (Entry 8, List II)

This amendment was important to:

- Clarify jurisdictional conflicts between Centre and States
- Support Make in India and federalism principles
- Promote ease of doing business in the alcoholic beverage sector

### Comparative Table: IDRA 1951 vs. Industries Facilitation Act 2016

Particulars	Industries (Development and Regulation) Act, 1951	Industries (Facilitation) Act, 2016
<b>Legislative Authority</b>	Enacted by Parliament under Entry 52, Union List	Enacted by State Governments under Entries 24, 26 & 27, State List
<b>Primary Objective</b>	To regulate and control scheduled industries in public interest	To promote industrial development through single-window clearance, self-certification, and ease of doing business
<b>Applicability</b>	Applies to industries listed in the First Schedule only	Applies to all industrial units within the state, irrespective of schedule
<b>Type of Law</b>	Central legislation	State legislation (Model law with state-specific adaptations)
<b>Regulatory Approach</b>	Regulatory and controlling (includes licensing, investigation, takeover)	Facilitative and promotional (focuses on reducing compliance burdens)
<b>Licensing Requirement</b>	Licensing mandatory for new undertakings, expansion, or change of product	Licensing largely abolished; uses self-declaration or automatic approvals in most cases
<b>Controlling Authority</b>	Ministry of Commerce & Industry / DPIIT	State-level Single Window Boards / Nodal Agencies
<b>Key Provisions</b>	<ul style="list-style-type: none"> <li>- Section 2: Control via First Schedule</li> <li>- Section 10–13: Licensing</li> <li>- Section 15: Investigation</li> <li>- Section 18A–F: Takeover</li> </ul>	<ul style="list-style-type: none"> <li>- Online single-window system</li> <li>- Deemed approvals</li> <li>- Time-bound clearance</li> <li>- Exemption from inspections</li> </ul>
<b>Scope of Regulation</b>	Strategic sectors (e.g., defence, chemicals, atomic energy)	General manufacturing, MSMEs, and new industrial setups

Particulars	Industries (Development and Regulation) Act, 1951	Industries (Facilitation) Act, 2016
<b>First Schedule Relevance</b>	Defines the scope of applicability under IDRA	Not applicable; facilitation applies regardless of schedule
<b>Amendment in 2016</b>	Removed Central control over potable alcohol industries	Act enacted or re-notified in many states post-DIPP's EODB push
<b>Penal/Investigative Powers</b>	Yes – includes investigation, takeover, price control	No – focuses on service delivery and investor support
<b>Ease of Doing Business</b>	Limited due to legacy regulatory controls	High – focuses on simplification, digitization, and transparency
<b>Overlap with Other Laws</b>	May conflict with state policies if First Schedule not updated	Designed to complement central policies and FTP schemes

### Judicial Interpretations and Constitutional Backing

The Supreme Court has repeatedly emphasized that Section 2 is essential to bring any industry under Union control. Without being in the First Schedule, Entry 52 of the Union List cannot be invoked.

Relevant case laws:

- **State of UP v. Modi Distillery (1995)** – Centre cannot regulate potable alcohol
- **Bharat Commerce vs UOI (1998)** – Validated government's power of takeover under IDRA
- **SIEL Ltd. v. UOI (2012)** – Highlighted that DGFT and Central authorities cannot override FTP or statutes like IDRA without express power

### Conclusion

The Industries (Development and Regulation) Act, 1951 remains a foundational economic law, even in a post-liberalized India. The 2016 amendment reflects India's federal vision by devolving powers to states while retaining strategic control for the Centre in key sectors. The scope of the Act is limited to industries listed in the First Schedule, and any non-scheduled industry escapes its purview unless specifically included through legislative action.

*This Article has been written by Shri Ravi Shekhar Jha, Advocate Delhi High Court based on his interpretation of the law. He can be reached at his email id [intelconsul@gmail.com](mailto:intelconsul@gmail.com) or on his Mobile +91-9999005379.*

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THE INDUSTRIES (DEVELOPMENT AND REGULATION)  
AMENDMENT ACT, 1953

No. 26 OF 1953



[26th May, 1953]

An Act to amend the Industries (Development and Regulation)  
Act, 1951

Enacted by Parliament as follows:—

1. Short title and commencement.—(1) This Act may be called the Industries (Development and Regulation) Amendment Act, 1953.

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

2. Amendment of section 3, Act LXV of 1951.—In section 3 of the Industries (Development and Regulation) Act, 1951 (hereinafter referred to as the principal Act),—

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

“(bb) ‘existing industrial undertaking’ means—

(a) in the case of an industrial undertaking pertaining to any of the industries specified in the First Schedule as originally enacted, an industrial undertaking which was in existence on the commencement of this Act or for the establishment of which effective steps had been taken before such commencement, and

(b) in the case of an industrial undertaking pertaining to any of the industries added to the First Schedule by an amendment thereof, an industrial undertaking which is in existence on the coming into force of such amendment or for the establishment of which effective steps had been taken before the coming into force of such amendment;”;

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(ii) after clause (d), the following clause shall be inserted, namely:—

“(dd) ‘new article’, in relation to an industrial undertaking which is registered or in respect of which a licence or permission has been issued under this Act, means—

(a) any article which falls under an item in the Schedule other than the item under which articles ordinarily manufactured or produced in the industrial undertaking at the date of registration or issue of the licence or permission, as the case may be, fall;

(b) any article which bears a mark as defined in the Trade Marks Act, 1940 (V of 1940), or which is the subject of a patent, if at the date of registration or issue of the licence or permission, as the case may be, the industrial undertaking was not manufacturing or producing such article bearing that mark or which is the subject of that patent.”

3. Omission of section 4, Act LXV of 1951.—Section 4 of the principal Act shall be omitted.

4. Amendment of section 5, Act LXV of 1951.—In sub-section (4) of section 5 of the principal Act, clause (b) shall be omitted.

5. Amendment of section 10, Act LXV of 1951.—In section 10 of the principal Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) The owner of every existing industrial undertaking, whether being the Central Government, shall, within such period as the Central Government may, by notification in the Official Gazette, fix in this behalf with respect to industrial undertakings generally or with respect to any class of them, register the undertaking in the prescribed manner.”;

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

“(3) Where an industrial undertaking is registered under this section, there shall be issued to the owner of the undertaking by the Central Government, as the case may be, a certificate of registration containing such particulars as may be prescribed.”

6. Insertion of new section 10A in Act LXV of 1951.—After section 10 of the principal Act, the following section shall be inserted, namely:—

“10A. *Revocation of registration in certain cases.*—If the Central Government is satisfied that the registration of any industrial undertaking has been obtained by misrepresentation as to an essential fact or that any industrial undertaking has ceased to be registrable under this Act by reason of any exemption granted under this Act becoming applicable thereto or that for any other reason the registration has become useless or ineffective and therefore requires to be revoked, the Central Government may after giving an opportunity to the owner of the undertaking to be heard revoke the registration.”

Insertion of new section 11A in Act LXV of 1951.—After section 11 of the principal Act, the following section shall be inserted, namely:—

“11A. *Licence for producing or manufacturing new articles.*—The owner of an industrial undertaking not being the Central Government which is registered under section 10 or in respect of which a licence or permission has been issued under section 11 shall not produce or manufacture any new article unless—

(a) in the case of an industrial undertaking registered under section 10, he has obtained a licence for producing or manufacturing such new article; and

(b) in the case of an industrial undertaking in respect of which a licence or permission has been issued under section 11, he has had the existing licence or permission amended in the prescribed manner.”

Amendment of section 12, Act LXV of 1951.—In section 12 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) The provisions of this section shall apply in relation to a licence issued under section 11A or where a licence has been amended under that section, to the amendment thereof, as they apply in relation to a licence issued under section 11.”

Substitution of new section for section 13 in Act LXV of 1951.—For section 13 of the principal Act, the following section shall be substituted, namely:—

“13. *Further provision for licensing of industrial undertakings in special cases.*—(1) No owner of an industrial undertaking, other than the Central Government, shall—

(a) in the case of an industrial undertaking required to be registered under section 10, but which has not been registered within the time fixed for the purpose under that section, carry on the business of that undertaking after the expiry of such period, or

(b) in the case of an industrial undertaking the registration in respect of which has been revoked under section 10A on the ground that it had been obtained by misrepresentation as to an essential fact, carry on the business of the undertaking after the revocation, or

(c) in the case of an industrial undertaking to which the provisions of this Act did not originally apply but became applicable after the commencement of this Act for any reason, carry on the business of the undertaking after the expiry of three months from the date on which the provisions of this Act became so applicable, or

(d) effect any substantial expansion of an industrial undertaking which has been registered, or

(e) change the location of the whole or any part of an industrial undertaking which has been registered,

except under, and in accordance with, a licence issued in that behalf by the Central Government, and, in the case of a State Government, except under and in accordance with the previous permission of the Central Government.

(2) The provisions of sub-section (2) of section 11 and of section 12 shall apply, so far as may be, in relation to the issue of licences or permissions to any industrial undertaking referred to in this section as they apply in relation to the issue of licences or permissions to a new industrial undertaking.

*Explanation.*—For the purposes of this section, ‘substantial expansion’ means the expansion of an existing industrial undertaking which substantially increases the productive capacity of the undertaking or which is of such a nature as to amount virtually to a new industrial undertaking, but does not include any such expansion as is normal to the undertaking having regard to its nature and the circumstances relating to such expansion.”

10. Amendment of section 14, Act LXV of 1951.—In section 14 of the principal Act, for the words and figures ‘section 11 or section 13’ the words, figures and letter ‘section 11, section 11A or section 13’ shall be substituted.

11. Amendment of section 15, Act LXV of 1951.—In section 15 of the principal Act, for clause (b), the following clause shall be substituted, namely:—

“(b) any industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest;”.

12. Omission of section 17, Act LXV of 1951.—Section 17 of the principal Act shall be omitted.

13. Insertion of Chapters IIIA and IIIB in Act LXV of 1951.—After Chapter III of the principal Act, the following Chapters shall be inserted, namely:—

#### “CHAPTER IIIA

##### DIRECT MANAGEMENT OR CONTROL OF INDUSTRIAL UNDERTAKINGS BY CENTRAL GOVERNMENT IN CERTAIN CASES

18A. *Power of Central Government to assume management or control of an industrial undertaking in certain cases.*—(1) If the Central Government is of opinion that—

(a) an industrial undertaking to which directions have been issued in pursuance of section 16 has failed to comply with such directions, or

(b) an industrial undertaking in respect of which an investigation has been made under section 15 (whether or not any directions have been issued to the undertaking in pursuance of section 15) is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest,

the Central Government may, by notified order, authorise any person or body of persons to take over the management of the whole or any part

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of the undertaking or to exercise in respect of the whole or any part of the undertaking such functions of control as may be specified in the order.

(2) Any notified order issued under sub-section (1) shall have effect for such period not exceeding five years as may be specified in the order:

Provided that the Central Government, if it is of opinion that it is expedient in public interest so to do, may direct that any such notified order shall continue to have effect after the expiry of the period of five years aforesaid for such further period as may be specified in the direction and where any such direction is issued, a copy thereof shall be laid, as soon as may be, before both Houses of Parliament.

*Explanation.*—The power to authorise a body of persons under this section to take over the management of an industrial undertaking which is a company includes also a power to appoint any individual, firm or company to be the managing agent of the industrial undertaking on such terms and conditions as the Central Government may think fit.

18B. *Effect of notified order under section 18A.*—(1) On the issue of a notified order under section 18A authorising the taking over of the management of an industrial undertaking,—

(a) all persons in charge of the management, including persons holding office as managers or directors of the industrial undertaking immediately before the issue of the notified order, shall be deemed to have vacated their offices as such;

(b) any contract of management between the industrial undertaking and any managing agent or any director thereof holding office as such immediately before the issue of the notified order shall be deemed to have terminated;

(c) the managing agent, if any, appointed under section 18A shall be deemed to have been duly appointed as the managing agent in pursuance of the Indian Companies Act, 1913 (VII of 1913), and the memorandum and articles of association of the industrial undertaking, and the provisions of the said Act and of the memorandum and articles shall, subject to the other provisions contained in this Act, apply accordingly, but no such managing agent shall be removed from office except with the previous consent of the Central Government;

(d) the person or body of persons authorised under section 18A to take over the management shall take all such steps as may be necessary to take into his or their custody or control all the property, effects and actionable claims to which the industrial undertaking is or appears to be entitled, and all the property and effects of the industrial undertaking shall be deemed to be in the custody of the person or, as the case may be, the body of persons as from the date of the notified order; and

(e) the persons, if any, authorised under section 18A to take over the management of an industrial undertaking which is a company shall be for all purposes the directors of the industrial undertaking duly constituted under the Indian Companies Act,

1913 (VII of 1913) and shall alone be entitled to exercise all powers of the directors of the industrial undertaking, whether powers are derived from the said Act or from the memorandum articles of association of the industrial undertaking or from other source.

(2) Subject to the other provisions contained in this Act and the control of the Central Government, the person or body of persons authorised to take over the management of an industrial undertaking shall take such steps as may be necessary for the purpose of efficiently managing the business of the industrial undertaking and shall exercise such other powers and have such other duties as may be prescribed.

(3) Where any person or body of persons has been authorised to exercise any functions of control in relation to an industrial undertaking, the undertaking shall be carried on pursuant to any directions given by the authorised person in accordance with the provisions of the notified order, and any person having any functions of management in relation to the undertaking or part thereof shall comply with all such directions.

(4) The person or body of persons authorised under section 18B shall, notwithstanding anything contained in the memorandum or articles of association of the industrial undertaking, exercise his or their functions in accordance with such directions as may be given by the Central Government so, however, that he or they shall not have any power to give any other person any directions under this section inconsistent with the provisions of any Act or instrument determining the functions of the authority carrying on the undertaking except in so far as may be specifically provided by the notified order.

18C. *Contracts in bad faith, etc., may be cancelled or varied.*—Without prejudice to the provisions contained in section 18B, the person or body of persons authorised under section 18A to take over the management of an industrial undertaking may, with the previous approval of the Central Government, make an application to any court having jurisdiction in this behalf for the purpose of cancelling or varying any contract or agreement entered into, at any time before the issue of the notified order under section 18A, between the industrial undertaking and any other person and the court may, if satisfied after due inquiry that such contract or agreement had been entered into in bad faith and is detrimental to the interests of the industrial undertaking, make an order cancelling or varying (either unconditionally or subject to such conditions as it may think fit to impose) the contract or agreement, and the contract or agreement shall have effect accordingly.

18D. *No right to compensation for termination of office or contract.*—Notwithstanding anything contained in any law for the time being in force, no person who ceases to hold any office by reason of the provisions contained in clause (a) of section 18B, or whose contract of management is terminated by reason of the provisions contained in clause (b) of that section, shall be entitled to any compensation for the loss of office or for the premature termination of his contract of management:

Provided that nothing contained in this section shall affect the right of any such person to recover from the industrial undertaking moneys recoverable otherwise than by way of such compensation.

18E. *Application of Act VII of 1913.*—(1) Where the management of an industrial undertaking, being a company as defined in the Indian Companies Act, 1913 (VII of 1913), is taken over by the Central Government, then, notwithstanding anything contained in the said Act or in the memorandum or articles of association of such undertaking,—

(a) it shall not be lawful for the shareholders of such undertaking or any other person to nominate or appoint any person to be a director of the undertaking;

(b) no resolution passed at any meeting of the shareholders of such undertaking shall be given effect to unless approved by the Central Government;

(c) no proceeding for the winding up of such undertaking or for the appointment of a receiver in respect thereof shall lie in any court except with the consent of the Central Government.

(2) Subject to the provisions contained in sub-section (1), and to the other provisions contained in this Act and subject to such other exceptions, restrictions and limitations, if any, as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Indian Companies Act, 1913 (VII of 1913), shall continue to apply to such undertaking in the same manner as it applied thereto before the issue of the notified order under section 18A.

18F. *Power of Central Government to cancel notified order under section 18A.*—If at any time it appears to the Central Government on the application of the owner of the industrial undertaking or otherwise that the purpose of the order made under section 18A has been fulfilled or that for any other reason it is not necessary that the order should remain in force, the Central Government may, by notified order, cancel such order and on the cancellation of any such order the management or the control, as the case may be, of the industrial undertaking shall vest in the owner of the undertaking.

#### CHAPTER III-B

##### CONTROL OF SUPPLY, DISTRIBUTION, PRICE, ETC., OF CERTAIN ARTICLES

18G. *Power to control supply, distribution, price, etc., of certain articles.*—(1) The Central Government, so far as it appears to it to be necessary or expedient for securing the equitable distribution and availability at fair prices of any article or class of articles relatable to any scheduled industry, may, notwithstanding anything contained in any other provision of this Act, by notified order, provide for regulating the supply and distribution thereof and trade and commerce therein.

(2) Without prejudice to the generality of the powers conferred by sub-section (1), a notified order made thereunder may provide—

(a) for controlling the prices at which any such article or class thereof may be bought or sold;

(b) for regulating by licences, permits or otherwise the distribution, transport, disposal, acquisition, possession, use or consumption of any such article or class thereof;

(c) for prohibiting the withholding from sale of any article or class thereof ordinarily kept for sale;

(d) for requiring any person manufacturing, producing or holding in stock any such article or class thereof to sell the whole or part of the articles so manufactured or produced during a specified period or to sell the whole or a part of the articles held in stock to such person or class of persons and in such circumstances as may be specified in the order;

(e) for regulating or prohibiting any class of commercial or financial transactions relating to such article or class thereof which in the opinion of the authority making the order are, or if regulated are likely to be, detrimental to public interest.

(f) for requiring persons engaged in the distribution and trade and commerce in any such article or class thereof to mark the articles exposed or intended for sale with the sale price or to exhibit at some easily accessible place on the premises the price-list of articles held for sale and also to similarly exhibit on the first day of every month, or at such other time as may be prescribed a statement of the total quantities of any such articles in stock;

(g) for collecting any information or statistics with a view to regulating or prohibiting any of the aforesaid matters; and

(h) for any incidental or supplementary matters, including in particular, the grant or issue of licences, permits or other documents and the charging of fees therefor.

(3) Where, in pursuance of any order made with reference to clause (d) of sub-section (2), any person sells any article, there shall be paid to him the price therefor—

(a) where the price can consistently with the controlled price, if any, be fixed by agreement, the price so agreed upon;

(b) where no such agreement can be reached, the price calculated with reference to the controlled price, if any, fixed under this section;

(c) where neither clause (a) nor clause (b) applies, the price calculated at the market rate prevailing in the locality at the date of sale.

(4) No order made in exercise of any power conferred by this section shall be called in question in any court.

(5) Where an order purports to have been made and signed by an authority in exercise of any power conferred by this section, a court shall, within the meaning of the Indian Evidence Act, 1872 (I of 1872) presume that such order was so made by that authority.

*Explanation.*—In this section, the expression 'article or class of articles' relating to any scheduled industry includes any article or class of articles imported into India which is of the same nature or description as the article or class of articles manufactured or produced in the scheduled industry."

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14. Substitution of new section for section 23 in Act LXV of 1951.—  
For section 23 of the principal Act, the following section shall be substituted, namely:—

“23. *Decision of Central Government final respecting certain matters.*—If, for the purposes of this Act, any question arises as to whether—

(a) there has been a substantial expansion of an industrial undertaking, or

(b) an industrial undertaking is producing or manufacturing any new article,

the decision of the Central Government thereon shall be final.”

15. Amendment of section 24, Act LXV of 1951.—For sub-section (1) of section 24 of the principal Act, the following sub-section shall be substituted, namely:—

“(1) If any person contravenes or attempts to contravene or abets the contravention of—

(i) the provisions of sub-section (1) of section 10 or of sub-section (1) of section 11 or of section 11A or of sub-section (1) of section 13, or

(ii) any direction issued under section 16 or sub-section (3) of section 18B, or

(iii) any order made under section 18G, or

(iv) any rule the contravention of which is made punishable under this section,

he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both, and, in the case of a continuing contravention, with an additional fine which may extend to five hundred rupees for every day during which such contravention continues after conviction for the first such contravention.”

16. Insertion of new section 24A in Act LXV of 1951.—After section 24 of the principal Act, the following section shall be inserted, namely:—

“24A. *Penalty for false statements.*—If any person,—

(a) when required by this Act or by any order under this Act to make any statement or furnish any information, makes any statement or furnishes any information which is false in any material particular and which he knows or has reasonable cause to believe to be false or does not believe to be true; or

(b) makes any such statement as aforesaid in any book, account, record, declaration, return or other document which he is required by any order made under this Act to maintain or furnish;

he shall be punishable with imprisonment which may extend to three months, or with fine which may extend to two thousand rupees, or with both.”

... substitution of new sections for sections 25, 26, 27, 28 and 29 of the principal Act LXV of 1951.—For sections 25, 26, 27, 28 and 29 of the principal Act the following sections shall be substituted, namely:—

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"25. *Delegation of powers.*—(1) The Central Government may, by notified order, direct that any power exercisable by it under this Act (other than the power given to it by sections 16 and 18A) shall, in relation to such matters and subject to such conditions, if any, as may be specified in the direction, be exercisable also by such officer or authority (including in the said expressions any Development Commissioner, State Government or officer or authority subordinate to the Central Government) as may be specified in the direction.

(2) Any power exercisable by a State Government by virtue of a direction under sub-section (1) may, unless otherwise provided in the direction, be exercised also by such officer or authority subordinate to that State Government as it may, by notified order, specify in the direction on its behalf.

26. *Power to issue directions.*—The Central Government may, by notified order, issue directions to any State Government as to the carrying into execution of any provision in the State of any of the provisions of this Act or of any order made under this Act in pursuance of a direction made thereunder.

27. *Cognizance of offences.*—No court shall take cognizance of any offence punishable under this Act except on a report in writing by a public servant as defined in section 21 of the Indian Penal Code (Act XLV of 1860) stating the facts constituting such offence made by a person who is a public servant as defined in section 21 of the Indian Penal Code (Act XLV of 1860).

28. *Burden of proof in certain cases.*—Where any person is prosecuted for contravening any order made under section 18G which prohibits him from doing an act or being in possession of a thing without lawful authority or without a permit, licence or other document, the burden of proving that he has such authority, permit, licence or other document shall be on him.

29. *Jurisdiction of courts.*—(1) Subject to the provisions of sub-section (2), no court inferior to that of a presidency magistrate or a magistrate of the first class shall try any offence punishable under this Act.

(2) Any magistrate or bench of magistrates empowered, for the time being, to try in a summary way the offences specified in sub-section (1) of section 260 of the Code of Criminal Procedure, 1898 (V of 1898), may, on application in this behalf being made by the prosecution, try, in accordance with the provisions contained in sections 262 to 265 of the said Code any offence which consists of a contravention of an order made under section 18G.

29A. *Special provision regarding fines.*—Notwithstanding anything contained in section 32 of the Code of Criminal Procedure, 1898 (V of 1898), it shall be lawful for any magistrate of the first class and for any presidency magistrate to pass a sentence of fine exceeding one thousand rupees on any person convicted of any offence under this Act.

29B. *Power to exempt in special cases.*—If the Central Government is of opinion, having regard to the smallness of the number of workers employed or to the amount invested in any industrial undertaking or to the desirability of encouraging small undertakings generally or to the stage of development of any schedule

industry, that it would not be in public interest to apply all or any of the provisions of this Act thereto, it may, by notification in the Official Gazette, exempt, subject to such conditions as it may think fit to impose, any industrial undertaking or class of industrial undertakings or any scheduled industry or class of scheduled industries as it may specify in the notification from the operation of all or any of the provisions of this Act or of any rule or order made thereunder.

29C. *Protection of action taken under the Act.*—(1) No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Act or any rule or order made thereunder.

(2) No suit or other legal proceeding shall lie against the Government for any 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 rule or order made thereunder.”.

18. *Amendment of section 30, Act LXV of 1951.*—In section 30 of the principal Act, in sub-section (2), in clause (i), for the words and figures ‘section 11 or section 13’, the words, letter and figures ‘section 11, section 11A or section 13’ shall be substituted.

19. *Amendment of First Schedule, Act LXV of 1951.*—In the First Schedule to the principal Act,—

(a) (i) for item (5), the following items shall be substituted, namely:—

“(5) Mathematical, surveying, and drawing instruments;  
(5A) Scientific instruments.”;

(ii) for item (10), the following item shall be substituted, namely:—

“(10) textiles—

(a) made wholly or in part of cotton, including cotton yarn, hosiery and rope,

(b) made wholly or in part of jute, including jute yarn, twine and rope,

(c) made of wool, including woollen yarn, hosiery, carpets and druggets,

(d) made of silk,

(e) made of artificial silk, including artificial silk yarn,

(f) made wholly or in part of staple fibre.”;

(iii) for item (11), the following items shall be substituted, namely:—

“(11) Automobiles.

(11A) Tractors.”;

(iv) for item (13), the following items shall be substituted, namely:—

“(13) Electric lamps.

(13A) Electric fans.”;

(v) for items (16) and (17), the following items shall be substituted, namely:—

“(16) Machinery used in industries including boilers and steam generating equipment.

(16A) Ball, roller and tapered bearings.

(17) Locomotives.

(17A) Rolling stock.”;

(vi) to item (20), the following words shall be added at the end, namely:—

“and semi-manufactures thereof”;

(vii) in item (21), for the words ‘and paper board’, the words ‘paper board and straw board’ shall be substituted;

(viii) for items (25), (26) and (27), the following items shall be substituted, namely:—

“(25) Leather, leather goods and pickers ;

(26) Glue and gelatine;

(27) Vanaspati ;

(27A) Vegetable oils.”;

(ix) in item (30), the words ‘and parts thereof’ shall be omitted;

(x) for items (35) and (36), the following items shall be substituted, namely:—

“(35) Sewing machines.

(35A) Knitting machines.

(36) Small tools.

(36A) Hand tools.”;

(xi) after item (37), the following items shall be inserted, namely:—

“(38) Dye-stuffs.

(39) Soap.

(40) Other toilet requisites.

(41) Plywood.

(42) Ferro-manganese.”;

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of 1953] Industries (Development and Regulation) Amendment

(b) the following "Explanations" shall be added at the end  
namely:—

"Explanation 1.—In item (4), 'Iron and steel' shall include  
any manufactured product of iron and steel.

Explanation 2.—In items (1), (7), (9), (11), (11A), (18  
(18A), (17), (17A), (29), (30), (32), (33), (34), (35), (35A) (36) and  
(36A), the articles specified therein shall include each of the  
component parts and accessories also."

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- 28F. Temple of Ashtamata ... Badoli
  - 28G. Temple of Vamanavatar known as Narad Temple ... Badoli
  - 28H. Kund ... Badoli
  - 28I. Temple of Sheshashayan ... Badoli
  - 28J. Temple of Shiv and Kund ... Badoli
  - 28K. Menal (Mahanal) Temple and Math ... Menal;
- (c) for the sub-heading 'District Udaipur—contd.' the sub-heading 'District Udaipur' shall be substituted;
- (d) entries 73, 75 and 76 shall be omitted;
- (e) entries 74 and 77 shall be re-numbered 73 and 74, respectively.
- (2) In Part II, in the Table appended to Item II, under the heading 'Rajasthan State', sub-heading 'District Udaipur' entry 40 shall be omitted.

**THE INDUSTRIES (DEVELOPMENT AND REGULATION) AMENDMENT ACT, 1956**

ACT No. 71 OF 1956

An Act further to amend the Industries (Development and Regulation) Act, 1951.

[15th December, 1956]

BE it enacted by Parliament in the Seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Industries (Development and Regulation) Amendment Act, 1956. Short title and commencement.
- (2) It shall come into force on such date<sup>1</sup> as the Central Government may, by notification in the Official Gazette, appoint.
2. In sub-section (1) of section 13 of the Industries (Development and Regulation) Act, 1951 (hereinafter referred to as the principal Act),— Amendment of section 13.
  - (i) in clause (b), the words "on the ground that it had been obtained by misrepresentation as to an essential fact" shall be omitted;

65 of 1951.

<sup>1</sup>1st March, 1957, vide S.R.O. No. 689, dated 1-3-57, see Gazette of India, Extraordinary, 1957, Pt II Sec. 3, P. 1083.

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(ii) in clause (d), after the words "which has been registered", the words "or in respect of which a licence or permission has been issued" shall be inserted.

Amendment of section 14. 3. In section 14 of the principal Act, for the words and figures "or section 13", the words, figures and letters "section 13 or section 29B" shall be substituted.

Amendment of section 24. 4. In section 24 of the principal Act, in clause (i) of sub-section (1), after the words and figures "of section 13", the following shall be inserted, namely:—

"or of sub-section (2) of section 29B".

Amendment of section 29B. 5. Section 29B of the principal Act shall be re-numbered as sub-section (1) thereof, and after sub-section (1) as so re-numbered, the following sub-sections shall be inserted, namely:—

"(2) Where any notification under sub-section (1) granting any exemption is cancelled, no owner of any industrial undertaking to which the provisions of section 10, section 11, section 11A or clause (d) of sub-section (1) of section 13 would have applied, if the notification under sub-section (1) had not been issued, shall carry on the business of the undertaking after the expiry of such period as may be specified in the notification cancelling the exemption except under and in accordance with a licence issued in this behalf by the Central Government and, in the case of a State Government, except under and in accordance with the previous permission of the Central Government.

(3) The provisions of this Act shall apply, so far as may be, in relation to the issue of a licence or permission to any industrial undertaking referred to in sub-section (2) as they apply in relation to the issue of a licence or permission to a new industrial undertaking."

Amendment of section 30. 6. In section 30 of the principal Act, in clause (i) of sub-section (2), for the words and figures "or section 13", the words, figures and letter "section 13 or section 29B" shall be substituted.

Substitution of a new Schedule for the First Schedule. 7. For the First Schedule to the principal Act, the following Schedule shall be substituted, namely:—

"THE FIRST SCHEDULE

[See sections 2 and 3 (i)]

Any industry engaged in the manufacture or production of any of the articles mentioned under each of the following headings or sub-headings, namely:—

- 1. METALLURGICAL INDUSTRIES:

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A. Ferrous:

- (1) Iron and steel (Metal).
- (2) Ferro-alloys.
- (3) Iron and Steel castings and forgings.
- (4) Iron and Steel structurals.
- (5) Iron and Steel pipes.
- (6) Special steels.
- (7) Other products of iron and steel.

B. Non-ferrous:

- (1) Non-ferrous metals and alloys.
- (2) Semi-manufactures and manufactures.

2. FUELS:

- (1) Coal, lignite, coke and their derivatives.
- (2) Mineral oil (crude oil), motor and aviation spirit, diesel oil, kerosene oil, fuel oil, diverse hydrocarbon oils and their blends including synthetic fuels, lubricating oils and the like.
- (3) Fuel gases—(coal gas, natural gas and the like).

3. BOILERS AND STEAM GENERATING PLANTS:

Boilers and steam generating plants.

4. PRIME MOVERS (OTHER THAN ELECTRICAL GENERATORS):

- (1) Steam engines and turbines.
- (2) Internal combustion engines.

5. ELECTRICAL EQUIPMENT

- (1) Equipment for generation, transmission and distribution of electricity including transformers.
- (2) Electrical motors.
- (3) Electrical fans.
- (4) Electrical lamps.
- (5) Electrical furnaces.
- (6) Electrical cables and wires.
- (7) X-ray equipment.
- (8) Electronic equipment.
- (9) Household appliances such as electric irons, heaters and the like.
- (10) Storage batteries.

(11) Dry cells.

6. TELECOMMUNICATIONS :

- (1) Telephones.
- (2) Telegraph equipment.
- (3) Wireless communication apparatus.
- (4) Radio receivers, including amplifying and public address equipment.
- (5) Television sets
- (6) Teleprinters.

7. TRANSPORTATION :

- (1) Aircraft.
- (2) Ships and other vessels drawn by power.
- (3) Railway locomotives.
- (4) Railway rolling stock.
- (5) Automobiles (motor cars, buses, trucks, motor cycles, scooters and the like).
- (6) Bicycles.
- (7) Others, such as fork lift trucks and the like.

8. INDUSTRIAL MACHINERY:

*A. Major items of specialised equipment used in specific industries:—*

- (1) Textile machinery (such as spinning frames, carding machines, powerlooms and the like) including textile accessories.
- (2) Jute machinery.
- (3) Rayon machinery.
- (4) Sugar machinery.
- (5) Tea machinery.
- (6) Mining machinery.
- (7) Metallurgical machinery.
- (8) Cement machinery.
- (9) Chemical machinery.
- (10) Pharmaceuticals machinery.
- (11) Paper machinery.

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*B. General items of machinery used in several industries, such as the equipment required for various 'unit processes':*

- (1) Size reduction equipment—crushers, ball mills and the like.
- (2) Conveying equipment—bucket elevators, skip hoists, cranes, derricks and the like.
- (3) Size separation units—screens, classifiers and the like.
- (4) Mixers and reactors—kneading mills, turbo mixers and the like.
- (5) Filtration equipment—filter presses, rotary filters and the like.
- (6) Centrifugal machines.
- (7) Evaporators.
- (8) Distillation equipment.
- (9) Crystallisers.
- (10) Driers.
- (11) Power driven pumps—reciprocating, centrifugal and the like.
- (12) Air and gas compressors and vacuum pipes (excluding electrical furnaces).
- (13) Refrigeration plants for industrial use.
- (14) Fire fighting equipment and appliances including Fire engines.

*C. Other items of Industrial Machinery:*

- (1) Ball, roller and tapered bearings.
- (2) Speed reduction units.
- (3) Grinding wheels and abrasives.

9. MACHINE TOOLS:

Machine tools.

10. AGRICULTURAL MACHINERY:

- (1) Tractors, harvestors and the like.
- (2) Agricultural implements.

11. EARTH-MOVING MACHINERY:

Bulldozers, dumpers, scrapers, loaders, shovels, drag lines, bucket wheel excavators, road rollers and the like.

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12. MISCELLANEOUS MECHANICAL AND ENGINEERING INDUSTRIES:

- (1) Plastic moulded goods.
- (2) Hand tools, small tools and the like.
- (3) Razor blades.

13. COMMERCIAL, OFFICE AND HOUSEHOLD EQUIPMENT:

- (1) Typewriters.
- (2) Calculating machines.
- (3) Air conditioners and refrigerators.
- (4) Vacuum cleaners.
- (5) Sewing and knitting machines.
- (6) Hurricane lanterns.

14. MEDICAL AND SURGICAL APPLIANCES:

Surgical instruments—sterilisers, incubators and the like.

15. INDUSTRIAL INSTRUMENTS:

- (1) Water meters, steam meters, electricity meters and the like.
- (2) Indicating, recording and regulating devices for pressure, temperature, rate of flow, weights, levels and the like.
- (3) Weighing machines.

16. SCIENTIFIC INSTRUMENTS:

Scientific instruments.

17. MATHEMATICAL, SURVEYING AND DRAWING INSTRUMENTS:

Mathematical, surveying and drawing instruments.

18. FERTILISERS:

- (1) Inorganic fertilisers.
- (2) Organic fertilisers.
- (3) Mixed fertilisers.

19. CHEMICALS (OTHER THAN FERTILISERS):

- (1) Inorganic heavy chemicals.
- (2) Organic heavy chemicals.
- (3) Fine chemicals including photographic chemicals.
- (4) Synthetic resins and plastics.
- (5) Paints, varnishes and enamels.

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(6) Synthetic rubbers.

(7) Man-made fibres including regenerated cellulose-rayon, nylon and the like.

(8) Coke oven by-products.

(9) Coal tar distillation products like naphthalene anthracene and the like.

(10) Explosives including gun powder and safety fuses

(11) Insecticides, fungicides, weedicides and the like

(12) Textile auxiliaries.

(13) Sizing materials including starch.

(14) Miscellaneous chemicals.

20. PHOTOGRAPHIC RAW FILM AND PAPER:

(1) Cinema film.

(2) Photographic amateur film.

(3) Photographic printing paper.

21. DYE-STUFFS:

Dye-stuffs.

22. DRUGS AND PHARMACEUTICALS:

Drugs and pharmaceuticals.

23. TEXTILES (INCLUDING THOSE DYED, PRINTED OR OTHERWISE PROCESSED):

(1) made wholly or in part of cotton, including cotton yarn, hosiery and rope;

(2) made wholly or in part of jute, including jute twine and rope;

(3) made wholly or in part of wool, including wool tops, woollen yarn, hosiery, carpets and druggets;

(4) made wholly or in part of silk, including silk yarn and hosiery;

(5) made wholly or in part of synthetic, artificial (man-made) fibres, including yarn and hosiery of such fibres.

24. PAPER AND PULP INCLUDING PAPER PRODUCTS:

(1) Paper—writing, printing and wrapping.

(2) Newsprint.

(3) Paper board and straw board.

(4) Paper for packaging (corrugated paper, kraft paper, paper bags, paper containers and the like).

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(5) Pulp—wood pulp, mechanical, chemical, including dissolving pulp.

25. SUGAR:

Sugar.

26. FERMENTATION INDUSTRIES:

(1) Alcohol.

(2) Other products of fermentation industries.

27. FOOD PROCESSING INDUSTRIES:

(1) Canned fruits and fruit products.

(2) Milk foods.

(3) Malted foods.

(4) Flour.

(5) Other processed foods.

28. VEGETABLE OILS AND VANASPATHI:

(1) Vegetable oils, including solvent extracted oils.

(2) Vanaspathi.

29. SOAPS, COSMETICS AND TOILET PREPARATIONS:

(1) Soaps.

(2) Glycerine.

(3) Cosmetics.

(4) Perfumery.

(5) Toilet preparations.

30. RUBBER GOODS:

(1) Tyres and tubes.

(2) Surgical and medicinal products including prophylactics.

(3) Footwear.

(4) Other rubber goods.

31. LEATHER, LEATHER GOODS AND PICKERS:

Leather, leather goods and pickers.

32. GLUE AND GELATIN:

Glue and gelatin.

33. GLASS:

(1) Hollow ware.

(2) Sheet and plate glass.

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ing

(3) Optical glass.

(4) Glass wool.

(5) Laboratory ware.  
or commercial ware.

34. OF CERAMICS:

Fire bricks.

(2) Refractories.

(3) Furnace lining bricks—acidic, basic and neutral.

(4) China ware and pottery.

(5) Sanitary ware.

(6) Insulators.

(7) Tiles.

35. CEMENT AND GYPSUM PRODUCTS:

(1) Portland cement.

(2) Asbestos cement.

(3) Insulating boards.

(4) Gypsum boards, wall boards and the like.

36. TIMBER PRODUCTS:

(1) Plywood.

(2) Hardboard, including fibre-board, chip-board and the like.

(3) Matches.

(4) Miscellaneous (furniture components, bobbins, shuttles and the like).

37. DEFENCE INDUSTRIES:

Arms and ammunition.

38. MISCELLANEOUS INDUSTRIES:

Cigarettes.

*Explanation 1.*—The articles specified under each of the headings Nos. 3, 4, 5, 6, 7, 8, 10, 11 and 13 shall include their component parts and accessories.

*Explanation 2.*—The articles specified under each of the headings Nos. 18, 19, 21 and 22 shall include the intermediates required for their manufacture”.

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THE INDUSTRIES (DEVELOPMENT AND  
REGULATION) AMENDMENT ACT, 1961

No. 51 OF 1961

[11th December, 1961]

An Act further to amend the Industries (Development and  
Regulation) Act, 1951

BE it enacted by Parliament in the Twelfth Year of the Republic  
of India as follows:—

1. This Act may be called the Industries (Development and Short title.  
Regulation) Amendment Act, 1961.

2. In sub-section (2) of section 1 of the Industries (Development Amendment  
and Regulation) Act, 1951, the words "except the State of Jammu <sup>of section 1.</sup>  
and Kashmir" shall be omitted.

(5)

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THE INDUSTRIES (DEVELOPMENT AND  
REGULATION) AMENDMENT ACT, 1962

No. 37 OF 1962.

[16th September, 1962]

An Act further to amend the Industries (Development and Regulation) Act, 1951.

BE it enacted by Parliament in the Thirteenth Year of the Republic of India as follows:—

Short title. 1. This Act may be called the Industries (Development and Regulation) Amendment Act, 1962.

Amend-  
ment of  
First  
Schedule. 2. In the First Schedule to the Industries (Development and Regulation) Act, 1951, in the heading "1. METALLURGICAL INDUSTRIES", 65 of 1951 under the sub-heading "B. Non-ferrous" for item (1), the following items shall be substituted, namely:—

"(1) Precious metals, including gold and silver, and their alloys;

(1A) Other non-ferrous metals and their alloys"

(b) 34 171

THE INDUSTRIES (DEVELOPMENT AND REGULATION) AMENDMENT ACT, 1965

No. 6 OF 1965

[29th March, 1965]

An Act further to amend the Industries (Development and Regulation) Act, 1951.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

Short title. 1. This Act may be called the Industries (Development and Regulation) Amendment Act, 1965.

Amendment of section 18A. 2. In section 18A of the Industries (Development and Regulation) Act, 1951, for the proviso to sub-section (2), the following proviso 65 of 195 shall be substituted, namely:—

“Provided that if the Central Government is of opinion that it is expedient in the public interest that any such notified order should continue to have effect after the expiry of the period of five years aforesaid, it may from time to time issue directions for such continuance for such period, not exceeding two years at a time, as may be specified in the direction, so however that the total period of such continuance (after the expiry of the said period of five years) does not exceed ten years; and where any such direction is issued, a copy thereof shall be laid, as soon as may be, before both Houses of Parliament.”.

(17)

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THE INDUSTRIES (DEVELOPMENT AND REGULATION)  
AMENDMENT ACT, 1971

No. 72 OF 1971

[24th December, 1971.]

An Act further to amend the Industries (Development and Regulation) Act, 1951.

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

1. (1) This Act may be called the Industries (Development and Regulation) Amendment Act, 1971.

Short title and commencement.

(2) It shall be deemed to have come into force on the 1st day of November, 1971.

65 of 1951.

2. In the Industries (Development and Regulation) Act, 1951 (hereinafter referred to as the principal Act), in section 3,—

Amendment of section 3.

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

‘(aa) “current assets” means bank balances and cash and includes such other assets or reserves as are expected to be

Insertion  
of new  
Chapters  
IIIAA,  
IIAB  
and  
IIAC.

6. After Chapter IIIA of the principal Act, the following Chapters shall be inserted, namely:—

‘CHAPTER IIIAA

MANAGEMENT OR CONTROL OF INDUSTRIAL UNDERTAKINGS OWNED BY  
COMPANIES IN LIQUIDATION

Power of  
Central  
Govern-  
ment to  
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sion of the  
High  
Court,  
persons to  
take over  
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ment or  
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takings.

18FA. (1) If the Central Government is of opinion that there are possibilities of running or re-starting an industrial undertaking, in relation to which an investigation has been made under section 15A, and that such industrial undertaking should be run or re-started, as the case may be, for maintaining or increasing the production, supply or distribution of articles or class of articles relatable to the scheduled industry, needed by the general public, that Government may make an application to the High Court praying for permission to appoint any person or body of persons to take over the management of the industrial undertaking or to exercise in respect of the whole or any part of the industrial undertaking such Functions of control as may be specified in the application.

(2) Where an application is made under sub-section (1), the High Court shall make an order empowering the Central Government to authorise any person or body of persons (hereinafter referred to as the “authorised person”) to take over the management of the industrial undertaking or to exercise functions of control in relation to the whole or any part of the industrial undertaking (hereinafter referred to as the “concerned part”) for a period not exceeding five years:

Provided that if the Central Government is of opinion that it is expedient in the interests of the general public that the authorised person should continue to manage the industrial undertaking, or continue to exercise functions of control in relation to the concerned part, as the case may be, after the expiry of the period of five years aforesaid, it may make an application to the High Court for the continuance of such management or functions of control, for such period, not exceeding two years at a time, as may be specified in the application and thereupon the High Court may make an order permitting the authorised person to continue to manage the industrial undertaking or to exercise functions of control in relation to the concerned part:

Provided further that the total period of such continuance (after the expiry of the initial period of Five Years) shall not, in any case, be permitted to exceed ten years.

(3) Where an order has been made by the High Court under sub-section (2), the High Court shall direct the Official Liquidator or any other person having, for the time being, charge of the management or control of the industrial undertaking, whether by or under the orders of any court, or any contract or instrument or otherwise, to make over the management of such undertaking or the concerned part, as the case may be, to the authorised person and thereupon the authorised person shall be deemed to be the Official Liquidator in respect of the industrial undertaking or the concerned part, as the case may be.

(4) Before making over the possession of the industrial undertaking or the concerned part to the authorised person, the Official

Liquidator shall make a complete inventory of all the assets and liabilities of the industrial undertaking or the concerned part, as the case may be, in the manner specified in section 18FG and deliver a copy of such inventory to the authorised person, who shall, after verifying the correctness thereof, sign on the duplicate copy thereof as evidence of the receipt of the inventory by him.

(5) On taking over the management of the industrial undertaking, or on the commencement of the exercise of functions of control in relation to the concerned part, the authorised person shall take immediate steps to so run the industrial undertaking or the concerned part as to ensure the maintenance of production.

(6) The authorised person may, on such terms and conditions and subject to such limitations or restrictions as may be prescribed, raise any loan for the purpose of running the industrial undertaking or the concerned part, and may, for that purpose, create a floating charge on the current assets of the industrial undertaking or the concerned part, as the case may be.

(7) Where the authorised person is of opinion that the replacement or repair of any machinery of the industrial undertaking or the concerned part is necessary for the purpose of efficient running of the industrial undertaking or such part, he shall, on such terms and conditions and subject to such limitations or restrictions as may be prescribed, make such replacement or repair, as the case may be.

(8) The loan obtained by the authorised person shall be recovered from the assets of the industrial undertaking or the concerned part, in such manner and subject to such conditions as may be prescribed.

(9) For the purpose of running the industrial undertaking, or exercising functions of control in relation to the concerned part, the authorised person may employ such of the former employees of the industrial undertaking whose services became discharged by reason of the winding up of the company owning such undertaking and every such person employed by the authorised person shall be deemed to have entered into a fresh contract of service with the company.

(10) The proceedings in the winding up of the company in so far as they relate to—

(a) the industrial undertaking, the management of which has been taken over by the authorised person under this section, or

(b) the concerned part in relation to which any function of control is exercised by the authorised person under this section,

shall, during the period of such management or control, remain stayed, and, in computing the period of limitation for the enforcement of any right, privilege, obligation or liability in relation to such undertaking or the concerned part, the period during which such proceedings remained stayed shall be excluded.

#### CHAPTER IIIAB

##### POWER TO PROVIDE RELIEF TO CERTAIN INDUSTRIAL UNDERTAKINGS

18FB. (1) The Central Government may, if it is satisfied, in relation to an industrial undertaking or any part thereof, the management

Power of  
Central  
Govern-  
ment to

make certain declarations in relation to industrial undertakings, the management or control of which has been taken over under section 18A, section 18AA or section 18FA.

or control of which has been taken over under section 18A, whether before or after the commencement of the Industries (Development and Regulation) Amendment Act, 1971, or under section 18AA or section 18FA, that it is necessary so to do in the interests of the general public with a view to preventing fall in the volume of production of any scheduled industry, it may, by notified order, declare that—

(a) all or any of the enactments specified in the Third Schedule shall not apply or shall apply with such adaptations, whether by way of modification, addition or omission (which does not, however, affect the policy of the said enactments) to such industrial undertaking, as may be specified in such notified order, or

(b) the operation of all or any of the contracts, assurances of property, agreements, settlements, awards, standing orders or other instruments in force (to which such industrial undertaking or the company owning such undertaking is a party or which may be applicable to such industrial undertaking or company) immediately before the date of issue of such notified order shall remain suspended or that all or any of the rights, privileges, obligations and liabilities accruing or arising thereunder before the said date, shall remain suspended or shall be enforceable with such adaptations and in such manner as may be specified in the notified order.

(2) The notified order made under sub-section (1) shall remain in force, in the first instance, for a period of one year, but the duration of such notified order may be extended from time to time by a further notified order by a period not exceeding one year at a time:

Provided that no such notified order shall, in any case, remain in force—

(a) after the expiry of the period for which the management of the industrial undertaking was taken over under section 18A, section 18AA or section 18FA, or

(b) for more than five years in the aggregate from the date of issue of the first notified order,

whichever is earlier.

(3) Any notified order made under sub-section (1) shall have effect notwithstanding anything to the contrary contained in any other law, agreement or instrument or any decree or order of a court, tribunal, officer or other authority or of any submission, settlement or standing order.

(4) Any remedy for the enforcement of any right, privilege, obligation or liability referred to in clause (b) of sub-section (1) and suspended or modified by a notified order made under that sub-section shall, in accordance with the terms of the notified order, remain suspended or modified, and all proceedings relating thereto pending before any court, tribunal, officer or other authority shall accordingly remain stayed or be continued subject to such adaptations, so, however, that on the notified order ceasing to have effect—

(a) any right, privilege, obligation or liability so remaining suspended or modified shall become revived and enforceable as if the notified order had never been made;

(b) any proceeding so remaining stayed shall be proceeded with, subject to the provisions of any law which may then be in force, from the stage which had been reached when the proceedings became stayed.

(5) In computing the period of limitation for the enforcement of any right, privilege, obligation or liability referred to in clause (b) of sub-section (1); the period during which it or the remedy for the enforcement thereof remained suspended shall be excluded.

CHAPTER IIIAC

LIQUIDATION OR RECONSTRUCTION OF COMPANIES

18FC. Where the management or control of an industrial undertaking has been taken over under section 18A, whether before or after the commencement of the Industries (Development and Regulation) Amendment Act, 1971, or under section 18AA or section 18FA, the Central Government may, at any time during the continuance of such management or control, call for a report from the authorised person on the affairs and working of the industrial undertaking and in submitting the report the authorised person shall take into account the inventory and the lists of members and creditors prepared under section 18FG.

Power of Central Government to call for report on the affairs and working of managed company.

18FD. (1) If, on receipt of the report submitted by the authorised person, the Central Government is satisfied,—

Decision of Central Government in relation to managed company.

(a) in relation to the company owning the industrial undertaking, which is not being wound up by the High Court, that the financial condition and other circumstances of the company are such that it is not in a position to meet its current liabilities out of its current assets, that Government may, if it considers necessary or expedient in the interests of the general public so to do, by order, decide that the industrial undertaking should be sold as a running concern as provided in section 18FE and proceedings should simultaneously be started for the winding up, by the High Court, of the company;

(b) in relation to the company, owning the industrial undertaking, which is being wound up by the High Court, that its assets and liabilities are such that in the interests of its creditors and contributories the industrial undertaking should be sold as a running concern as provided in section 18FE, it may, by order, decide accordingly.

(2) Notwithstanding anything contained in sub-section (1), if, on receipt of the report submitted by the authorised person, the Central Government is satisfied that—

(a) in the interests of the general public, or

(b) in the interests of the shareholders, or

(c) to secure the proper management of the company owning the industrial undertaking,

it is necessary so to do, that Government may, by order, decide to prepare a scheme for the reconstruction of the company owning the industrial undertaking:

Provided that no such scheme shall be prepared in relation to a company which is being wound up by or under the supervision of the High Court, except with the previous permission of that Court.

(3) The powers exercisable by the Central Government under section 18F, in relation to an undertaking taken over under section 18A, shall also be exercisable in relation to an undertaking taken over under section 18AA or section 18FA, but such powers shall not be exercised after the making of an order under sub-section (1) or, as the case may be, under sub-section (2) of this section.

Provisions where Government decides to follow the course of action specified in section 18FD(1).

18FE. (1) The provisions hereinafter laid down shall apply where the Central Government decides that the course of action specified in sub-section (1) of section 18FD should be followed, namely:—

(a) the decision of the Central Government that the course of action specified in clause (a) of sub-section (1) of section 18FD should be followed in relation to a company owning an industrial undertaking shall be deemed to be a ground specified in section 433 of the Companies Act, 1956, on which the company may be wound up by the High Court; 1 of 1956.

(b) the authorised person shall, as soon as may be, after the decision specified in clause (a) of sub-section (1) of section 18FD has been taken by the Central Government, present an application to the High Court for the winding up of the company owning the industrial undertaking;

(c) when an application is made by the authorised person, under clause (b), for the winding up, by the High Court, of the company owning the industrial undertaking, the High Court shall order the winding up of the company and shall, notwithstanding anything contained in the Companies Act, 1956, appoint the authorised person as the Official Liquidator in relation to such undertaking; 1 of 1956.

(d) whenever the Central Government decides under clause (b) of sub-section (1) of section 18FD that the industrial undertaking should be sold as a running concern, it shall cause a copy of its decision to be laid before the High Court;

(e) until the industrial undertaking referred to in clause (a) or clause (b) of sub-section (1) of section 18FD is sold or purchased in pursuance of this section, the authorised person shall continue to function as the Official Liquidator in relation to the said undertaking in the winding up proceedings of the company, and, thereafter the Official Liquidator appointed by the Central Government under section 448 of the Companies Act, 1956, shall take over and function as the Official Liquidator in the said proceedings. 1 of 1956.

(2) The authorised person shall make a report to the Central Government as to what should be the reserve price for the sale of the industrial undertaking as a running concern.

(3) In making a report under sub-section (2), the authorised person shall have regard to—

(a) the financial condition of the company owning the industrial undertaking on the date on which the order under section 18FD is made—

(i) as disclosed in its books of account,

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(ii) as disclosed in its balance-sheet and profit and loss account during a period of five years immediately preceding the said date;

(b) the condition and nature of the plant, machinery, instruments and other equipment from the point of view of their suitability for profitable use in the running of the industrial undertaking;

(c) the total amount of liability on account of secured and unsecured debts including overdrafts, if any, drawn on banks, liabilities on account of terminal benefits to the employees and other borrowings and other liabilities of the company; and

(d) other relevant factors including the factor that the industrial undertaking will be sold free from all incumbrances.

(4) Notice of the reserve price determined by the authorised person shall be given in such manner as may be prescribed to the members and creditors of the company owning such industrial undertaking to make representations within a specified time to the Central Government through the authorised person and the Central Government shall, after considering the representations received and the report of the authorised person, determine the reserve price.

(5) The authorised person shall thereafter, with the permission of the High Court, invite tenders from the public in such manner as may be determined by the High Court for the sale of the industrial undertaking as a running concern subject to the condition that it will be sold to the person offering the highest price which shall not be less than the reserve price determined under sub-section (4):

Provided that the High Court shall not refuse to grant such permission if it is satisfied that the company is not in a position to meet its current liabilities out of its current assets.

(6) The industrial undertaking shall be sold to the highest bidder, as a running concern, only if the price offered by him therefore is not less than the reserve price.

(7) Where no offer of price is equal to, or more than, the reserve price, the industrial undertaking shall be purchased by the Central Government at the reserve price.

(8) (a) The amount realised from the sale of the industrial undertaking as a running concern together with any other sum which be realised from any contributory, purchaser or any other person from whom any money is due to the company shall be utilised in accordance with the provisions of the Companies Act, 1956, in discharging the liabilities of the company and distributing the balance, if any, amongst the members of the company.

1 of 1956.

(b) In other respects, the provisions of the Companies Act, 1956, relating to the winding up of a company by the High Court shall, as far as may be, apply.

1 of 1956

(9) When an industrial undertaking is sold to any person under sub-section (6), or purchased by the Central Government under sub-section (7), there shall be transferred to and vested in the purchaser,

free from all innumbrances, all such assets relating to the industrial undertaking as are referred to in sub-clause (i) of clause (a) of section 18FG and existing at the time of the sale or purchase.

Provisions where Government decides to follow the course of action specified in section 18FD(2).

18FF. (1) Where in any case the Central Government decides that the course of action specified in sub-section (2) of section 18FD should be followed, it shall, subject to the provisions of that sub-section, cause to be prepared, by the authorised person, a scheme for the reconstruction of the company, owning the industrial undertaking, in accordance with the provisions hereinafter contained and the authorised person shall submit the same for the approval of that Government.

(2) The scheme for the reconstruction of the company owning the industrial undertaking may contain provisions for all or any of the following matters, namely:—

(a) the constitution, name and registered office, the capital, assets, powers, rights, interests, authorities and privileges, the liabilities, duties and obligations of the company on its reconstruction;

(b) any change in the Board of director, or the appointment of a new Board of directors of the company on its reconstruction and the authority by whom, the manner in which and the other terms and conditions on which, such change or appointment shall be made and in the case of appointment of a new Board of directors or of any director, the period for which such appointment shall be made;

(c) the vesting of controlling interest, in the reconstructed company, in the Central Government either by the appointment of additional directors or by the allotment of additional shares;

(d) the alteration of the memorandum and articles of association of the company, on its reconstruction, to give effect to such reconstruction;

(e) subject to the provisions of the scheme, the continuation by or against the company, on its reconstruction, of any action or proceedings pending against the company immediately before the date of its reconstruction;

(f) the reduction of the interest or rights which the members and creditors have in or against the company before its reconstruction to such extent as the Central Government may consider necessary in the interests of the general public or in the interests of the members and creditors or for the maintenance of the business of the company;

Provided that nothing contained in this clause shall be deemed to authorise the reduction of the interest or rights of any creditor (including Government) in respect of any loan or advance made by that creditor to the company after the date on which the management of the industrial undertaking of the company has been taken over under section 18A, section 18AA, or section 18FA;

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(g) the payment in cash or otherwise to the creditors in full satisfaction of their claim—

(i) in respect of their interest or rights in or against the company before its reconstruction; or

(ii) where their interest or rights in or against the company has or have been reduced under clause (f), in respect of such interest, or rights as so reduced;

(h) the allotment to the members of the company for shares held by them therein before its reconstruction [whether their interest in such shares has been reduced under clause (f) or not], of shares in the company on its reconstruction and where it is not possible to allot shares to any members, the payment in cash to those members in full satisfaction of their claim—

(1) in respect of their interest in shares in the company before its reconstruction; or

(2) where such interest has been reduced under clause (f), in respect of their interest in shares as so reduced;

(i) the offer by the Central Government to acquire by negotiations with the members of the company their respective shares on payment in cash to those members who may volunteer to sell their shares to the Central Government in full satisfaction of their claim—

(1) in respect of their interest in shares in the company before its reconstruction; or

(2) where such interest has been reduced under clause (f), in respect of their interest in shares as so reduced;

(j) the conversion of any debentures issued by the company after the taking over of the management of the company under section 18A or section 18AA or section 18FA or of any loans obtained by the company after that date or of any part of such debentures or loans, into shares in the company and the allotment of those shares to such debenture-holders or creditors, as the case may be;

(k) the increase of the capital of the company by the issue of new shares and the allotment of such new shares to the Central Government;

(l) the continuance of the services of such of the employees of the company as the Central Government may specify in the scheme in the company itself, on its reconstruction, on such terms and conditions as the Central Government thinks fit;

(m) notwithstanding anything contained in clause (l), where any employees of the company whose services have been continued under clause (l) have, by notice in writing given to the company at any time before the expiry of one month next following the date on which the scheme is sanctioned by the High Court, intimated their intention of not becoming employees of the company, on its reconstruction, the payment to such employees and to other employees whose services have not been continued on the reconstruction of the company, of compensation, if any, to

which they are entitled under the Industrial Disputes Act, 1947, and such pension, gratuity, provident fund and other retirement benefits ordinarily admissible to them under the rules or authorisation of the company immediately before the date of its reconstruction;

(n) any other terms and conditions for the reconstruction of the company;

(o) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction of the company shall be fully and effectively carried out.

(3) (a) A copy of the scheme, as approved by the Central Government, shall be sent in draft to the company, to the registered trade unions, if any, of which the employees of the company are members and to the creditors thereof for suggestions and objections, if any, within such period as the Central Government may specify for this purpose.

(b) The Central Government may make such modifications, if any, in the draft scheme as it may consider necessary in the light of the suggestions and objections received from the company, from the registered trade unions of which the employees of the company are members and from any members or creditors of the company.

(4) The scheme shall thereafter be placed before the High Court for its sanction and the High Court, if satisfied that the scheme is in the interests of the general public or in the interests of the shareholders or for securing the proper management of the company and that the scheme is designed to be fair and reasonable to the members and creditors of the company, may, after giving a reasonable opportunity to the company and to its members and creditors of showing cause, sanction the scheme without any modification or with such modifications as it may consider necessary.

(5) The scheme, as so sanctioned by the High Court, shall come into force on such date as that Court may specify in this behalf:

Provided that different dates may be specified for different provisions of the scheme.

(6) The sanction accorded by the High Court under sub-section (4) shall be conclusive evidence that all the requirements of this section relating to the reconstruction of the company have been complied with, and a copy of the sanctioned scheme certified by the High Court to be a true copy thereof, shall, in all legal proceedings (whether original or in appeal or otherwise), be admitted as evidence to the same extent as the original scheme.

(7) On and from the date of the coming into operation of the scheme or any provision thereof, the scheme or such provision shall be binding on the company and also on all the members and other creditors and employees of the company and on any other person having any right or liability in relation to the company.

(8) On the coming into operation of the scheme or any provision thereof, the authorised person shall cease to function, and the management of the reconstructed company shall be assumed by the Board of directors as provided in the scheme.

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(9) Copies of the scheme shall be laid before each House of Parliament, as soon as may be, after the scheme has been sanctioned by the Court.

(10) The provisions of this section and of any scheme made thereunder shall have effect notwithstanding anything contained in sections 391 to 394A (both inclusive) of the Companies Act, 1956.

1 of 1956.

18FG. For the purposes of this Act, the authorised person shall, as soon as may be, after taking over the management of the industrial undertaking of a company under section 18A or section 18AA or section 18FA,—

Preparation of inventory of assets and liabilities and list of members and creditors of managed company.

(a) prepare a complete inventory of—

(i) all properties, movable and immovable, including lands, buildings, works, workshops, stores, instruments, plant, machinery, automobiles and other vehicles, stocks of materials in the course of production, storage or transit, raw materials, cash balances, cash in hand, deposits in bank or with any other person or body or on loan, reserve funds, investments and book debts and all other rights and interests arising out of such property as were immediately before the date of taking over of the industrial undertaking in the ownership, possession, power or control of the company, whether within or without India; and all books of account, registers, maps, plans, sections, drawings, records, documents or titles of ownership of property, and all other documents of whatever nature relating thereto; and

(ii) all borrowings, liabilities and obligations of whatever kind of the company including liability on account of terminal benefits to its employees subsisting immediately before the said date;

(b) prepare separately a list of members, and a list of creditors, of such company as on the date of taking over of the management of the industrial undertaking showing separately in the list of creditors, the secured creditors and the unsecured creditors:

Provided that where the management of the industrial undertaking of a company has been taken over under the said section 18A before the commencement of the Industries (Development and Regulation) Amendment Act, 1971, the aforesaid functions shall be performed by the authorised person within six months from such commencement.

18FH. In the case of a company in respect of which an order under section 18FD has been made, no suit or other legal proceeding shall be instituted or continued against the company except with the previous permission of the Central Government or any officer or authority authorised by that Government in this behalf.

Stay of suits and other proceedings.

7. In sub-section (1) of section 25 of the principal Act, for the word, figures and letter "and 18A", the word, figures and letters "18A, 18AA and 18FA" shall be substituted.

Amendment of section 25.

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# THE INDUSTRIES (DEVELOPMENT AND REGULATION) AMENDMENT ACT, 1973

No. 67 OF 1973

[28th December, 1973]

An Act further to amend the Industries (Development and Regulation) Act, 1951.

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

1. (1) This Act may be called the Industries (Development and Regulation) Amendment Act, 1973. Short title and commencement.

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

65 of 1951.

2. In section 10 of the Industries (Development and Regulation) Act, 1951 (hereinafter referred to as the principal Act),— Amendment of section 10.

(i) in sub-section (3), for the words "containing such particulars as may be prescribed", the following shall be substituted, namely:—

"containing the productive capacity of the industrial undertaking and such other particulars as may be prescribed";

(ii) after sub-section (3), the following sub-sections shall be inserted, namely:—

"(4) The owner of every industrial undertaking to whom a certificate of registration has been issued under this section before the commencement of the Industries (Development and Regulation) Amendment Act, 1973, shall, if the undertaking falls within such class of undertakings as the Central Government may, by notification in the Official Gazette, specify in this behalf, produce, within such period as may be specified in such notification, the certificate of registration for entering therein the productive capacity of the industrial undertaking and other prescribed particulars.

(5) In specifying the productive capacity in any certificate of registration issued under sub-section (3), the Central Government shall take into consideration the productive or installed capacity of the industrial undertaking as specified in the application for registration made under sub-section (1), the level of

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production immediately before the date on which the application for registration was made under sub-section (1), the level of the highest annual production during the three years immediately preceding the introduction in Parliament of the Industries (Development and Regulation) Amendment Bill, 1973, the extent to which production during the said period was utilised for export and such other factors as the Central Government may consider relevant including the extent of under-utilisation of capacity, if any, during the relevant period due to any cause."

Amendment of section 24.

3. In sub-section (1) of section 24 of the principal Act, in clause (i), after the word, brackets and figure "sub-section (1)", where they occur for the first time, the words, brackets and figure "or sub-section (4)" shall be inserted.

Amendment of the First Schedule.

4. In the First Schedule to the principal Act, under the heading "38. MISCELLANEOUS INDUSTRIES:", the item "Cigarettes." shall be numbered as item (1), and after the item as so numbered, the following item shall be inserted, namely:—

"(2) Linoleum, whether felt-based or jute based."

(9)

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THE INDUSTRIES (DEVELOPMENT AND REGULATION)  
AMENDMENT ACT, 1974

No. 32 OF 1974

[31st August, 1974.]

An Act further to amend the Industries (Development and  
Regulation) Act, 1951.

Enacted by Parliament in the Twenty-fifth Year of the Republic  
of India as follows:—

1. (1) This Act may be called the Industries (Development and  
Regulation) Amendment Act, 1974.

Short  
title and  
commence-  
ment.

(2) It shall be deemed to have come into force on the 29th June, 1974.

65 of 1951.

2. In the proviso to sub-section (2) of section 18A and in the second  
proviso to sub-section (2) of section 18FA of the Industries (Develop-  
ment and Regulation) Act, 1951 (hereinafter referred to as the princi-  
pal Act), for the words "ten years", the words "twelve years" shall be  
substituted.

Amend-  
ment of  
sections  
18A and  
18FA.

6 of 1974.

3. (1) The Industries (Development and Regulation) Amendment  
Ordinance, 1974, is hereby repealed.

Repeal  
and  
saving.

(2) Notwithstanding such repeal, anything done or any action taken  
under the principal Act, as amended by the said Ordinance, shall be  
deemed to have been done or taken under the corresponding provisions  
of the principal Act as amended by this Act.

(10)

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THE INDUSTRIES (DEVELOPMENT AND REGULATION) AMENDMENT ACT, 1979

No. 17 of 1979

[31st March, 1979.]

An Act further to amend the Industries (Development and Regulation) Act, 1951.

BE it enacted by Parliament in the Thirtieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Industries (Development and Regulation) Amendment Act, 1979.

Short title and commencement.

(2) It shall be deemed to have come into force on the 30th day of December, 1978.

65 of 1951.

2. In sub-section (2) of section 18FB of the Industries (Development and Regulation) Act, 1951 (hereinafter referred to as the principal Act), in clause (b) of the proviso, for the words "five years", the words "eight years" shall be substituted.

Amendment of section 18FB.

3. In the First Schedule to the principal Act,—

Amendment of the First Schedule.

(a) under the heading "12. MISCELLANEOUS MECHANICAL AND ENGINEERING INDUSTRIES:", after item (3), the following items shall be inserted, namely:—

- (4) Pressure Cookers.
(5) Cutlery.
(6) Steel furniture.;

(b) under the heading "34. CERAMICS:", after item (7), the following item shall be inserted, namely:—

"(8) Graphite Crucibles.;"

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(c) under the heading "38. MISCELLANEOUS INDUSTRIES:", after item (2), the following items shall be inserted, namely:—

"(3) Zip fasteners (metallic and non-metallic).

(4) Oil stoves.

(5) Printing, including litho printing industry."

Repeal  
and  
saving.

4. (1) The Industries (Development and Regulation) Amendment Ordinance, 1978, is hereby repealed.

6 of 1978.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.

(11)

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THE INDUSTRIES (DEVELOPMENT AND REGULATION)  
AMENDMENT ACT, 1984

No. 4 OF 1984

[21st March, 1984.]

An Act further to amend the Industries (Development and Regulation) Act, 1951.

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

1. (1) This Act may be called the Industries (Development and Regulation) Amendment Act, 1984.

Short title and Commencement.

(2) It shall be deemed to have come into force on the 12th day of January, 1984.

2. In section 3 of the Industries (Development and Regulation) Act, 1951 (hereinafter referred to as the principal Act),—

Amendment of section 3 of Act 65 of 1951.

(i) clauses (aa) and (ab) shall be re-lettered as clauses (ab) and (ac), respectively, and before clause (ab) as so re-lettered, the following clause shall be inserted, namely:—

“(aa) “ancillary industrial undertaking” means an industrial undertaking which, in accordance with the proviso to sub-section (I) of section 11B and the requirements specified under that sub-section, is entitled to be regarded as an ancillary industrial undertaking for the purposes of this Act;”

(ii) clause (j) shall be re-lettered as clause (k), and before clause (k) as so re-lettered, the following clause shall be inserted, namely:—

“(j) “small scale industrial undertaking” means an industrial undertaking which, in accordance with the requirements specified under sub-section (I) of section 11B, is entitled to be regarded as a small scale industrial undertaking for the purposes of this Act;”

3. After section 11A of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 11B.

“11B. (1) The Central Government may, with a view to ascertaining which ancillary and small scale industrial undertakings need

Power of Central Government

to specify the requirements which shall be complied with by small scale industrial undertakings.

supportive measures, exemptions or other favourable treatment under this Act to enable them to maintain their viability and strength and so as to be effective in—

(a) promoting in a harmonious manner the industrial economy of the country and easing the problem of unemployment, and

(b) securing that the ownership and control of the material resources of the community are so distributed as best to subserve the common good,

specify, having regard to the factors mentioned in sub-section (2), by notified order, the requirements which shall be complied with by an industrial undertaking to enable it to be regarded, for the purposes of this Act, as an ancillary, or a small scale, industrial undertaking and different requirements may be so specified for different purposes or with respect to industrial undertakings engaged in the manufacture or production of different articles:

Provided that no industrial undertaking shall be regarded as an ancillary industrial undertaking unless it is, or is proposed to be, engaged in—

(i) the manufacture of parts, components, sub-assemblies, toolings or intermediates; or

(ii) rendering of services, or supplying or rendering, not more than fifty per cent. of its production or its total services, as the case may be, to other units for production of other articles.

(2) The factors referred to in sub-section (1) are the following, namely:—

(a) the investment by the industrial undertaking in—

(i) plant and machinery, or

(ii) land, buildings, plant and machinery;

(b) the nature of ownership of the industrial undertaking;

(c) the smallness of the number of workers employed in the industrial undertaking;

(d) the nature, cost and quality of the product of the industrial undertaking;

(e) foreign exchange, if any, required for the import of any plant or machinery by the industrial undertaking; and

(f) such other relevant factors as may be prescribed.

(3) A copy of every notified order proposed to be made under sub-section (1) shall be laid in draft 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 disapproving the issue of the proposed notified order or both Houses agree in making any modification in the proposed notified order, the notified order shall not be made, or, as the case may be, shall be made only in such modified form as may be agreed upon by both the Houses.

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(4) Notwithstanding anything contained in sub-section (1), an industrial undertaking which, according to the law for the time being in force, fell, immediately before the commencement of the Industries (Development and Regulation), Amendment Act, 1984, under the definition of an ancillary, or small scale, industrial undertaking, shall, after such commencement, continue to be regarded as an ancillary, or small scale, industrial undertaking for the purposes of this Act until the definition aforesaid is altered or superseded by any notified order made under sub-section (1)."

4. In section 24 of the principal Act, in sub-section (1), in clause (i), for the words, brackets, figures and letter "sub-section (2) of section 29B", the words, brackets, figures and letters "sub-sections (2), (2A), (2D), (2F) and (2G) of section 29B" shall be substituted.

Amend-  
ment of  
section  
24.

5. In section 29B of the principal Act, after sub-section (2), the following sub-sections shall be inserted, namely:—

Amend-  
ment of  
section  
29B.

'(2A) In particular, and without prejudice to the generality of the provisions of sub-section (1), the Central Government may, if it is satisfied, after considering the recommendations made to it by the Advisory Committee constituted under sub-section (2B), that it is necessary so to do for the development and expansion of ancillary, or small scale, industrial undertakings, by notified order, direct that any article or class of articles specified in the First Schedule shall, on and from such date as may be specified in the notified order (hereafter in this section referred to as the "date of reservation"), be reserved for exclusive production by the ancillary, or small scale, industrial undertakings (hereafter in this section referred to as "reserved article").

(2B) The Central Government shall, with a view to determining the nature of any article or class of articles that may be reserved for production by the ancillary, or small scale, industrial undertakings, constitute an Advisory Committee consisting of such persons as have, in the opinion of that Government, the necessary expertise to give advice on the matter.

(2C) The Advisory Committee shall, after considering the following matters, communicate its recommendations to the Central Government, namely:—

(a) the nature of any article or class of articles which may be produced economically by the ancillary, or small scale, industrial undertakings;

(b) the level of employment likely to be generated by the production of such article or class of articles by the ancillary, or small scale, industrial undertakings;

(c) the possibility of encouraging and diffusing entrepreneurship in industry;

(d) the prevention of concentration of economic power to the common detriment; and

(e) such other matters as the Advisory Committee may think fit.

(2D) The production of any reserved article or class of reserved articles by any industrial undertaking (not being an ancillary, or small scale, industrial undertaking) which, on the date of reservation, is engaged in, or has taken effective steps for, the production of any reserved article or class of reserved articles, shall, after the commencement of the Industries (Development and Regulation) Amendment Act, 1984; or, as the case may be, the date of reservation, whichever is later, be subject to such conditions as the Central Government may, by notified order, specify.

(2E) While specifying any condition under sub-section (2D), the Central Government may take into consideration the level of production of any reserved article or class of reserved articles achieved, immediately before the date of reservation, by the industrial undertaking referred to in sub-section (2D); and such other factors as may be relevant.

(2F) Every person or authority, not being the Central Government, who, or which, is registered under section 10 or to whom, or to which, a licence has been issued or permission has been granted under section 11 for the production of any article or class of articles which has, or have, been subsequently reserved for the ancillary, or small scale, industrial undertakings, shall produce, such registration certificate, licence or permission, as the case may be, within such period as the Central Government may, by notified order, specify in this behalf, and the Central Government may enter therein all or any of the conditions specified by it under sub-section (2D), including the productive capacity of the industrial undertakings and other prescribed particulars.

(2G) The owner of every industrial undertaking (not being an ancillary, or small scale, industrial undertaking) which, immediately before the commencement of the Industries (Development and Regulation) Amendment Act, 1984, or the date of reservation, whichever is later,—

(a) was engaged in the production of any article or class of articles, which has, or have, been reserved for the ancillary, or small scale, industrial undertakings, or

(b) had before such commencement or before the date of such reservation, as the case may be, taken effective steps for commencing the production of such reserved article or class of reserved articles,

without being registered under section 10 or in respect of which a licence or permission has not been issued under section 11, shall refrain from the production of such reserved article or class of reserved articles, on and from the date of expiry of three months from such commencement or from the date of such reservation, whichever is later.

(2H) Every notified order made under sub-section (2A) 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

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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 notified order or both Houses agree that the notified order should not be made, the notified order 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 notified order.

6. Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority and notwithstanding anything contained in any other law, agreement or other instrument for the time being in force, every notification made or purporting to have been made by the Central Government under the principal Act, on or after the 19th day of February, 1970, reserving any article or class of articles for production by any ancillary, or small scale, industrial undertaking or any class of ancillary, or small scale, industrial undertakings shall, for all purposes, be, and shall be deemed always to have been, as valid and effective as if the amendments made to the principal Act by this Act had been in force at all material times and such notification had been made in full compliance with the provisions made by such amendments and accordingly any reservation made or purporting to have been made by such notification shall, in accordance with the tenor thereof, have, and be deemed always to have had, effect on and from the date of such reservation and shall, until it is altered or superseded by any fresh notification under the principal Act as amended by this Act, continue to have effect.

Vali-  
dation.

*Explanation.*—For the removal of doubts it is hereby provided that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

7. (1) The Industries (Development and Regulation) Amendment Ordinance, 1984, is hereby repealed.

1 of 1984.

Repeal  
and  
saving.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.

(12)

(Refer.  
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Paper  
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THE DELEGATED LEGISLATION PROVISIONS  
(AMENDMENT) ACT, 1985

No. 4 OF 1986

[14th January, 1986.]

An Act to amend certain Acts to implement the recommendations of the Committees on Subordinate Legislation regarding publication and laying of rules and other delegated legislation and certain other matters.

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

Short title and commencement.

1. (1) This Act may be called the Delegated Legislation Provisions (Amendment) Act, 1985.

(2) It shall come into force on such date<sup>1</sup> as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for amendments relating to different enactments mentioned in the Schedule to this Act.

Amendment of certain enactments.

2. The enactments specified in the Schedule are hereby amended to the extent and in the manner mentioned in the third column thereof.

<sup>1</sup>15th May, 1986 vide Notification No. G.S.R. 764 (E), dated 15-5-1986, Gazette of India, 1986, Extraordinary, Part II, Section 3 (i.)

Sl. No. Short title

Amendments

33. The Industries (Development and Regulation) Act, 1951 (65 of 1951).

made, before the State Legislature."

In section 30, for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the 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."

34. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952).

(1) After section 6C, the following section shall be inserted, namely:—

Laying of schemes before Parliament.

"6D. Every scheme framed under section 5, section 6A and section 6C shall be laid, as soon as may be after it is framed, 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 scheme, or both Houses agree that the scheme

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should not be framed, the scheme 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 scheme.”.

(2) In section 7, for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Every notification issued under sub-section (1) shall be laid, as soon as may be after it is issued, 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 notification, or both Houses agree that the notification should not be issued, the notification 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 notification.”.

35. The Commissions of Inquiry Act, 1952 (60 of 1952).

In section 12,—

(a) in sub-section (3), for the words “in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following”, the words “in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid” shall be substituted;



# भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह 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 AND JUSTICE

(Legislative Department)

*New Delhi, the 14th May, 2016/Vaisakha 24, 1938 (Saka)*

The following Act of Parliament received the assent of the President on the 14th May, 2016, and is hereby published for general information:—

## THE INDUSTRIES (DEVELOPMENT AND REGULATION) AMENDMENT ACT, 2016

No. 27 OF 2016

[14th May, 2016.]

An Act further to amend the Industries (Development and Regulation) Act, 1951.

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

1. This Act may be called the Industries (Development and Regulation) Amendment Act, 2016.

Short title.

65 of 1951.

2. In the Industries (Development and Regulation) Act, 1951 (hereinafter referred to as the principal Act), after section 29D, the following section shall be inserted, namely:—

Insertion of new section 29E.

“29E. Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any power exercised, or action taken or done or purported to have been taken or done, by the Central Government or, as the case may be, the State Government, shall be deemed to be, and shall always be deemed to

Validation.

have been, for all purposes, as validly taken or done or omitted to be done, as if the amendment made to the First Schedule by the Industries (Development and Regulation) Amendment Act, 2016 had been in force at all material times and no suit or claim or other proceedings shall be instituted, maintained or continued in any court, tribunal or other authority as such.”.

Amendment of  
First Schedule.

3. On and from the date of commencement of the principal Act, in the First Schedule, for the heading “26. FERMENTATION INDUSTRIES:”, the heading “26. FERMENTATION INDUSTRIES (OTHER THAN POTABLE ALCOHOL):” shall be substituted.

DR. G. NARAYANA RAJU,  
*Secretary to the Govt. of India.*

**RAM**  
**DAYAL**

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by RAM DAYAL  
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