

Rep. by Act 58 of 1960, S. 2 & Sch I (w/ef 26.12.60)

**THE INDUSTRIAL FINANCE CORPORATION
(AMENDMENT) ACT, 1957**

No. 43 OF 1957

[30th November, 1957]

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

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

Short title
and com-
mencement.

1. (1) This Act may be called the Industrial Finance Corporation (Amendment) Act, 1957.

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

Amendment
of section 2.

2. In section 2 of the Industrial Finance Corporation Act, 1948 (hereinafter referred to as the principal Act), in clause (c)—

15 of 1948

(i) after the words "in mining", the words "or in hotel industry" shall be inserted; and

(ii) the following *Explanation* shall be added at the end, namely:—

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

Amendment
of section 17.

3. In section 17 of the principal Act, after sub-section (5), the following sub-section shall be inserted, namely:—

"(6) If, for any reason, a Director nominated under clause (aa) or clause (b) of section 10 is unable to attend any meeting of the Board, the Central Government or the Reserve Bank, as the case may be, may depute any other person to attend the said meeting and such person shall, for all purposes of

¹ 21st December, 1957, *vide* notification No. S. R. O. 4028, dated 30-12-1957 Gazette of India, Part II—Section 3, page 2869.

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the said meeting, be deemed to be a Director nominated under clause (aa) or clause (b), as the case may be, of the said section."

4. In the proviso to sub-section (1) and the proviso to sub-section (4) of section 21 of the principal Act, for the words "five times", the words "ten times" shall be substituted. Amendment of section 21.

5. In section 22 of the principal Act, for the words "deposits from the public", the words "from any State Government or local authority, or any person deposits" shall be substituted. Amendment of section 22.

6. In section 23 of the principal Act,—

Amendment of section 23.

(i) in sub-section (1), after clause (a), the following clause shall be inserted, namely:—

"(aa) guaranteeing on such terms and conditions as may be agreed upon, deferred payments due from any industrial concern in connection with its import of capital goods from outside India:

Provided that no such guarantee shall be given without the prior approval of the Central Government;" and

(ii) in sub-section (2), after the words "prescribed by regulations", the words "or unless it is guaranteed as to the repayment of principal and the payment of interest by the Central Government, State Government, a scheduled bank or a State co-operative bank" shall be inserted.

7. In sub-section (2) of section 25 of the principal Act,—

Amendment of section 25.

(i) for the words, figures and brackets "the Indian Companies Act, 1913 (VII of 1913)", the words and figures "the Companies Act, 1956" shall be substituted; and

of 1956.

(ii) after the words "any instrument relating to the industrial concern", the words "and nothing in the said Act or in any such law or instrument in so far as it makes, in relation to a director, any provision for the holding of any share qualification, age limit, restrictions on the number of directorships, retirement by rotation or removal from office shall apply to any Director appointed by the Corporation in pursuance of this section" shall be inserted.

8. In section 27 of the principal Act,—

Amendment of section 27.

(i) in sub-section (1), after the words "International Bank for Reconstruction and Development", the words "or any bank or financial institution in India or in any foreign country" shall be inserted; and

(ii) for sub-section (4), the following sub-section shall be substituted, namely—

“(4) Any loss or profit accruing in connection with any borrowing of foreign currency under sub-section (1) for the purpose of granting loans or advances to any industrial concern or concerns or its repayment on account of any fluctuations in the rates of exchange shall be reimbursed by, or paid to, the industrial concern or concerns, as the case may be.”.

Amendment
of section 28.

9. In section 28 of the principal Act,—

(i) in sub-section (1), after the words “default in repayment”, the words “of any loan or advance or any instalment thereof” shall be inserted;

(ii) in sub-section (3A), for the words “properly incurred by it”, the words “which, in the opinion of the Corporation, have been properly incurred by it” shall be substituted; and

(iii) in sub-section (4), the words “of the owner” shall be omitted.

Amendment
of section 30.

10. For sub-section (13) of section 30 of the principal Act, the following sub-section shall be substituted, namely:—

“(13) The functions of a District Judge under this section shall be exercisable—

(a) in a presidency-town, by the High Court; and

(b) elsewhere, also by an Additional District Judge.”.

Amendment
of section
30A.

11. In sub-section (1) of section 30A of the principal Act, after the words “Directors of that industrial concern”, the following shall be inserted, namely:—

“and nothing in the Companies Act, 1956, or in any such law or instrument relating to the industrial concern in so far as it makes, in relation to a director, any provision for the holding of any share qualification, age limit, restrictions on the number of directorships, retirement by rotation or removal from office shall apply to any Director appointed by the Corporation under this section.”

Amendment
of sections
30B and 30E.

12. In sections 30B and 30E of the principal Act, for the words, figures and brackets “Indian Companies Act, 1913 (VII of 1913)”, wherever they occur in those sections, the words and figures “Companies Act, 1956” shall be substituted.

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13. In sub-section (1) of section 34 of the principal Act,—

Amendment
of section 34.

(i) for the words, figures and brackets "section 144 of the Indian Companies Act, 1913 (VII of 1913)", the words and figures "section 226 of the Companies Act, 1956" shall be substituted; and

/of 1956.

(ii) for the words "the other", the words "the other auditor or auditors" shall be substituted.

14. In sub-section (3) of section 35 of the principal Act, for the words "three months", the words "four months" shall be substituted.

Amendment
of section 35.

15. After section 38 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
38A.

"38A. No suit, prosecution or other legal proceeding shall lie against any Director of an industrial concern appointed by the Corporation under section 25 or section 30A for anything which is in good faith done or intended to be done by him as such Director."

Protection of
action taken
by Directors
appointed
under sec-
tions 25 and
30A.