

PUNJAB STATE AID TO INDUSTRIES ACT, 1935

1935 : Pb Act V.I. AID TO INDUSTRIES 951 THE PUNJAB STATE AID TO INDUSTRIES ACT, 1935. TABLE OF CONTENTS

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20. 21. 22. 23. 24. than by the Supply of Machinery on the Hire. Purchase System. Power to grant loans. Security for repayment. Loan how repayable. Notice to pay. Effect of declaration. 954 AID TO INDUSTRIES [1935 : Pb. Act V. Preamble. An Act to Encourage the Development of Industries in Punjab] by the Grant of State Aid. Whereas it is expedient further to improve and regulate the giving of State aid for industrial purposes ; AND WHEREAS the previous sanction of the Governor-General required under sub-section (3) or section 80-A of the Government of India Act and the previous sanction of the Governor required under section 80-C of the said Act have been obtained; It is hereby enacted as follows :— CHAPTER 1 PRELIMINARY. Short Title, Extent and Commencement. Definitions. (2) It extends to [the whole of the Union Territory of Chandigarh]. (3) It shall come into force on such date as the Government may, by notification, appoint in this behalf

2. In this Act unless there is anything repugnant in the subject or context—(1) "Board" means the Board of Industries constituted under section 3 of this Act. (2) "Borrower" means an individual, company or association or body of individuals, whether incorporated or not, to whom or to which State aid has been granted under this Act. (3) "Company" means a company as defined in the Indian Companies Act, 1913. 1 Substituted for the words "East Punjab" by the Adaptation of Laws (Amendment) Order, 1951. 2 Substituted for the word "Punjab" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State subjects) No. 2 Order, 1968. 3 The Act came into force on the 7th March, Punjab dated the 6th Government Notification No. 1021-1, & 1930/7815, March, 1930. 4 Substituted for the word "Provincial" by the Adaptation of Laws Order, 1950. 1935 : Pb. Act V.I AID TO INDUSTRIES 955 of 1913. (4) "Director" means the Director of Industries of Chandigarh] 2 (and includes any officer authorised by the [Central Government] to perform all or any of the functions of the Director under this Act]. (5) "Industry" means any industrial business or enterprise conducted or undertaken either by an individual or by a company, association or body of individuals, whether incorporated or not. "Cottage Industry" means any industry carried on by a worker in his home and includes dairy farming, bee-keeping, lac-making and keeping a poultry farm. (7) "Village Industry" means any industry which forms the normal occupation, whether whole-time or part-time, of any class of the rural population of the [Union Territory]. (8) "Machinery" includes plant, apparatus, tools and other appliances required for the purpose of carrying on any industrial operation or process. (9) "prescribed" means prescribed by rules made under this Act.] CHAPTER 11 3. (1) For carrying out the purposes of this Act, the Government shall, as soon as possible after the commencement of this Act, establish a Board to consist of the following members, namely 71 (a) the Home Secretary, Administration of Chandigarh, ex-officio (b) the Deputy Commissioner of Chandigarh, ex-officio ; 1 Substituted for the words "Director of Industries Punjab" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2, Order, 1968. 2 Added by Punjab Act No. 12 of 1959, section 2. 3 Substituted for the word

"State Government" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2, Order, 1968. 4Inserted by Punjab Act III of 1940, section 2(i). 5Substituted for the word "State" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) Order, 1968. 6Existing clauses (6) and (7) numbered respectively as (8) and (9) by Punjab Act 111 of 1940, section 2(2). 7Substituted by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on State and concurrent Subjects) No. 2, Order, 1968. 956 AID TO INDUSTRIES [1935 : (c) the District Officer of each district (d) the Agent, State Bank of India, ex-officio Pb. Act V. Chandigarh, Chandigarh, (e) three members to be appointed by the Chief Commissioner from amongst the industrialists; I Provided that the Board shall have power to invite for consultation on any particular question before it, not more than three persons, specially qualified to advise on the matter in question or having special knowledge of local conditions in the area where the industry in question is situated. And provided further, that at any meeting of the Board the 1[Home Secretary Administration of Chandigarh] shall have power to invite any person for consultation on any particular question. Any person so invited whether by the Board or by the Home Secretary, Administration of Chandigarh] shall not have the right to vote. (2) The 2[Home Secretary, Administration of Chandigarh] shall be ex-officio Chairman and the Director shall be ex-officio Secretary of the Board. (3) a [Four] members of the Board shall form a quorum. (4) JSubstituted for the words "the Minister" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2 Order, 1968. 2Substituted for the words "Minister-in-charge of Industries" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2, Order, 1968. 3Substituted for the word "five" by the Indian Independence (Adaptation of Bengal and Punjab Acts) Order of 1948 (G. G. O. 40). 4Section 4 omitted by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2 Order, 1968. 1935 : Pb. Act V.] AID TO INDUSTRIES 957 5. The Board may from time to time elect, for such Vice-Chairman, period as it thinks fit, one of its members to be Vice-Chairman. The names of the Vice-Chairman and of the appointments to be made by the Board shall be published and notified in by the 2 [Central Government] in the 0 [Official Gazette]. Official Gazette. 7. (1) The Vice-Chairman or any other appointed Term of office. * * *] member may resign his office by giving notice in writing to the Chairman. (2) (a) Subject to the provisions of this Act an appointed member shall hold office for 6 [five] years unless the [Central Government] otherwise directs [(b) An outgoing member may, if otherwise qualified, be *] re-appointed. (3) Notwithstanding the expiration of the term mentioned in sub-section (2), an appointed 9 [* * *] member shall continue to hold office until the vacancy caused by the expiration of the said term has been filled, provided that no vacancy shall be allowed to remain unfilled for more than six months. IThe words "and elected" omitted by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2 1968. 2Substituted for the words "State Government" by ibid. 3Substituted for the words "Punjab Gazette" by the Government of India (Adaptation of Indian Laws) Order, 1937. 'The words "or elected" omitted by ibid. 5Substituted for the word "thee" by Punjab Act, VI of 1938. section z. 0The words "and an elected member shall hold office for five years or until such time as he ceases to be a member of the body electing him whichever is shorter" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2 Order, 1968. 7Proviso omitted by ibid. 8The words "re-elected or" omitted by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2 Order, 1968. DThe words "or elected" omitted by ibid. 958 AID TO INDUSTRIES [1935 : Pb. Act V. Removal members. S. (1) t[Central Government] may, by notification, remove the Vice-Chairman or any member of a Board if (a) refuses to act or becomes incapable of acting as a member of the Board ; (b) is declared insolvent ; (c) is convicted of any such offence or is subjected by a criminal court to any such order as in the opinion of the I[Central Government] implies a defect of character which unfit him to continue to be a Vice-Chairman or member of the Board; provided that before the 1 [Central Government] notifies the removal of a member under this sub-section, the reason for his proposed removal shall be communicated to the member concerned and he shall be given an opportunity of tendering an explanation in writing ; (d) without excuse, sufficient in the opinion of the IICentral Government], is absent, without the consent of the Board, from more than four consecutive meetings of the Board. (2) The I[Central Government] may fix a period during which any person so

removed under clause (b) or (c) of sub-section (1) of this section Shall not be eligible for re-appointment 2 [* * * Casual vacan- 9. When the place of any appointed member of a Board becomes vacant by his removal, resig- nation or death, a new member shall be appointed • I in the manner. provided in section 3 : 1Substituted for the words "State Government" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation Of Laws on Concurrent and State Subjects) No. 2 Order, 1968. 2The words "or elected" omitted by the Punjab (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Con- current and Statos Subjects) No. 2 Order, 1968. JProviso omitted by ibid. 1935 : Pb. Act-V.J Aib TO nmtJSTRm 959 i[Provided), that any person so appointed, r • • • • I under this section shall be subject to retirement at the same time as if he had become a member of the Board on the day on which the member of the Board in whose place he is appointed, * * * was last appointed, elected or nominateQa member of the Board • Provided further, that no act of the Board or of its officers shall be deemed to be invalid by reason only that the number of members of the Board at the time of the performance of such act was less than the number provid- ed by section 3

10. The members of the Board and the members Of Allowances Committees, which may be appointed by the Board, when and fees.necessary, Ghall be paid travelling allowances of the pres- cribed amount and on the prescribed conditions for attend- ing meetings of the Board, or for performing any duty assigned to them by the Board for the purposes ot this Aci. 11. (1) The Chairman or in his absence the Vice- president Chairman shall preside at every meeting of the Board meetings. and shall have a second or casting vote in all cases of equality of votes. (2) In the absence of both the Chairman and the Vice-Chairman the members present at any meeting may elect one of their number to preside, who shall have a second or casting vote in all cases of equality of votes

12. No member of the Board shall vote on any Interested at question coming before the Board for consideration in members not to which (otherwise than in its general application to all vote• persons and properties within the 81 Union territory] he had a pecuniary interest.Explanation.—In case of any question arising whether a member has or has not a pecuniary interest, thn decision of the Chairman shall be final. 'Suhstittted for the words "Provided further" bv the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation Of Laws on Concurrent and State Subjects) No. 2, Order, 1968. 2The words "elected or nominated" omitted by ibid. 3Substituted for the word "State" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of LEWS on Concurrent and State Subjects) Order, 1968. AID TO INDUSTRIES (1035 : Pb. Act V. 960 Of 13. (1) The Board may make regulations consis- terat with this Act and the rules thereunder for the Power Board to make carrying of all or any of its purposes. regulations. (2) In particular and without prejudice to the generally of the foregoing power, the Board may make regulations regulating or determining all or any of the following matters, namely : (i) the time and place of its meetings (ii) the manner in which notice of meetings shall be given : (iii) the conduct of proceedings at meetings (iv) the division of duties among the members of the Board ; and (v) the appointment, duties and procedure of special committees consisting wholly of members of the Board or partly of such members and partly of other persons. 14. (i) If at any time it appears to the i [Central Supersession of Government] that the Board is not properly perform- ing the dütie.s imposed upon it by or under this Act, the '[Central Government] may, after considering any explanation offered by the Board, by an order in writing specifying the reasons for so doing, dissolve the Board and direct that the vacancies shall there- upon be filled : [* *] by ap- pointment in respect of appointed members in the manner indicated above. (2) From the date of an order under sub-section (1) until the vacancies are filled all powers and duties or the Board shall be exercised and performed by such persons in such manner as the IICentral Governmentl may direct

15. It shall be the duty of the Board—Duty of Board (a) to report to the i [Central Governmentl after such enquiry, if any, as it deems necessary 1Substituted for the words "State Government" by the Punjab organisation (Chandigarh and Himachal Pradesh) (Adaptation ot Laws on Concurrent and State Subjects), No. 2 Order, 1968. 2The words "by elec'ion in respect of elected members and" omitted by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No. 2, Order' 1968. 1995 : Pb. Act V.] AID TO INDUSTRIES 961 or as may be required by this Act, on ap- plications for State aid that may be referred to it for advice to the I [Central Govern- mentl "(or any officer authorised in this be- half by it.)• (b) to bdvise the 1 [Central Government] on any matters that

may be referred to it : Provided that 11 Central Governmentl shall not sanction State aid without reference to the Board ex- C?pt in the case of a loan the amount of which does not exceed Rs. 5,000

16. If the 1 [Central Government] so directs, the Documents and Secretary shall forward to the 1[Central Governmentl report to be fur- nished to the any document and prepare and submit any report Central Govern- ment.relating to the work of the Board

CHAPTER 111. GENERAL PROVISIONS REGARDING THE GIVING OF STATE AID 17. The forms of the State aid which may be Forms State aid. given may include the following, namely :— (a) the grant, of a loan ; the grant, sale or lease of land, raw material, fire-wood, water or any other property 3 [vested I in ffGovernment] for the pur- poses of the 5 [State] the payment of a subsidy, in the case of a cottage industry or village industry for any purpose; and in the case of any other indus- try for the conduct of research or the pur- •chase of machinery I (d) the supply of machinery on the hire-pur- chase system , (e) the guarante.e of a minimum return on the whole or part of the capital of a joint stock company invested in an industry. 1Substituted for the words "State Government" by the Punjab Reorganisation (Chandigarh and Himachal PCF desh) (Adaptation nnd No

2. Order, 1968.'Added by Punjab Act No. 12 of 1959, section 8. 'Substituted for the word "of the Local Government" by the Government of India (Adaptation of Indian Laws) Order, 1937. 'Substituted for the words "His Majesty" by the Adaptation of Laws Order. 1950. 'Substituted lor tb• word "Provined' by the Adaptation ot Lam 'Substituted for the old elguse by Punjab Act Ill of 1940, section 8 Order, 1950. 962 'to INDUSTRIES 11935 Pb. Act V indugtr•.es to which several forms of State aid may be given Application for 18. State aid may be given to— (a) a new or nascent industry (b) an industry to be newly established in an area where such industries are undevelop. ed ; (c) a cottage industry '(or village industry] ; or (d) an industry which needs revival, or develop- ment by modern methods

19. Application for State aid shall be made to the Director in such form and shall contain such in- State formation, as may be prescribed

CHAPTER IV PROVISIONS REGULATING THE GIVING OF STATE AID opryn- WISE THAN THE SUPPLY OF MACHINERY ON THE HIRE- PURCHASE SYSTEM power to 20. Loans granted under this chapter shall be subject to the sanction of the 2[Central Government] given after consultation with the Finance Department, provided that in regard to loans not exceeding a pres- cribed amount, the 2 [Central Government] may make rules delegating their powers to such authority or officer as they deem fit. for 21. a [(1) (a) On the acceptance of an application for a loan, the applicant shall execute a deed in the prescribed form, undertaking to apply the loan to the purpose for which, and to fulfil the conditions on which, the loan is granted, rendering himself and such property as may have been specified in the deed as security, including machinery purchased or any building constructed with the aid of the loan, and in the event of such propertv being found insumcient, rendering the whole of his property liable for repay- ment of the loan with interest and costs, if any, incur- red by the 2(Central Governmentl in making or recovering the loan. (b) No transfer, assignment or charge made or creat- ed after the execution of the deed, in relation to the property specified therein or machinery purchased 'Inserted by Punjab Act, Ill ot 1940. section S.A. the Punjab •Substituted for the words "State Government" Reorganisation (Chandigarh and Hi-machai Pradesh). (daptatioø Ot Laws on Concurrent and State Subjects) No. 2 Order, 1968. 1935 : Pb. Act V.) AID TO INDUSTRIES 963 or building constructed with the aid of the loan, shall be valid against the '[Central Governmentl unless it has been made or created with the previou13 consent in writing of the authority sanctioning the loan.] (2) When the application has been made by a firm or company the deed shall be executed by a duly authorised representative thereof, and the deed shall thereupon be deemed binding on the said firm or com- pany and the property of the said firm or company shall be liable for the repayment of the loan in the same manner as if the loan had been granted to an individual. 22. • The loan together with all interest due there- Loan how re- on, if any, shall be repayable either in a lump sum or Pa.yale• by instalments as may be provided for in the deed executed by the borrower under section 21. 23. (1) When any loan or instalment or interest Not!ce to thereon falls due and is not paid on or before the due date or when a loan has been declared immediately repayable under section 27, the omcer empowered by the 1 [Central Government] in this behalf may cause to be served on the borrower a notice in the prescribed manner calling upon him to pay the sums due within such time as may be fixed therein. (2) Such notice shall contain an intimation that in case of default the said officer will issue a declara- tion in

the prescribed form showing the amount of the debt due and the property mentioned in the deed as liable to satisfy the same. 24. (1) If within the time so fixed the sums due Effect of dec. are not paid, the officer empowered under section 23 may issue the declaration as described in sub-section (2) of the same section, and such declaration shall be published in the 2 [Official Gazette]. 'Substituted for the words "State Government" by the PunjaE Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No

2. Order, 1968.2Substituted-for the word. "Gazette" by the. Government of India (Adaptation of Indian Laws) Order, 1937. 964 AID TO INDUSTRIES [1935 : Pb. Act V Execution [eclaration. (2) Such declaration shall be conclusive evidence of its contents, and shall not be called into question in any court by the borrower, his heirs, legal represen- tatives or assigns, l[or by any member of his family if he belongs to a Joint Hindu Family] 2 f nor shall any right, principle or rule arising from or under the personal or customary law applicable to the said persons or any of them, not anything contained in the 3 [Punjab Alienation of Land Act, 1900, affect the validity or effectiveness of a mortgage executed or of a declara- tion published under this Act, or the procedure there- in provided for enforcement thereof.] (3) Such declaration may be produced by the said officer, or by such other person as he may eithey gene- rally or specially appoint in this behalf before the principal civil court of original jurisdiction, within the local limits of whose jurisdiction any of the pro- perty liable for the debt due is sitUate in the same manner as a decree of which execution is sought. of 25. When declaration has been received by a civil court under section 24, the court- shall immediately attach the property mentioned in the declaration and shall pass an order directing that, unless the amount mentioned in the declaration is paid within such time, not exceeding two months, as the court may consider reasonable, it may be recovered by sale of the property mentioned in the declaration as if it were a decree for the payment of money passed by the said court in the exercise of its ordinary civil jurisdiction

26. In any case in which an application for a loan mspecUon and has been made under this Chapter the applicant, and at any time during the currency of a loan that has been granted the borrower, shall be bound—(a) to comply with any general or special order of the Director relating to the inspection Of *Inserted by Punjab Act, III of 1940, section 4 (a). 'Inserted by Punjab Act, III of 1940, section 4(b). 3Repealed by Adaptation of Laws (Third A:endment) Order Oi 1951. 1935 • Pb. Act V.] AID TO 965 the premises, building, machinery and stock- in-hand of the industry; (b) to permit the inspection of all accounts relating to the industry; (c) to furnish full returns of all products manu- factured or sold, both as regards description and quantity; (d) to maintain such special accounts and to fur- nish such statements as the Director may from time to time require; and (e) to submit the accounts of the industry to such audit as the Director may prescribe

27. If the Director, after any inspection provided Penalty for default in apply- for in section 26, is not satisfied that the money lent is ing the loan.being applied to the purpose or purposes for which the loan was granted or that the conditions on which the loan was granted are being duly fulfilled, he may de- Clare, notwithstanding anything contained in the deed exe- cuted under section 21 that the loan is immediately re- payable and shall give notice of such declaraion to the borrower

28. If at any time during the currency of the loan, Power to adjunt the value of the security falls below the outstanding security dur'ng currency of loan.Lalance of the loan, the Director may either proceed to recover in the manner laid down in sections 23, 24 and 25 so much of such balance as is not adequately covered by the then existing value of the security or accept stich ad- ditional or collateral security as he may deem sufficient

29. If the borrower fails to comply with any order Power to re- under clause (a) of section 26 or does not permit or cover loans• obstructs the inspection of the accounts relative to the industry or makeã default in respect of any of the parti- culars specified in clauses (c), (d) and (e) of the said section, or if the borrower disposes of any profits in con- travention of the provisions of section 33, the Director may, after considering any representation the borrower may make within such time as the 1[Central Government) 1Substitu•ed for the words 'State Government" by the Punjab Reorganisation (Chandigarh and Him:chal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) No.2 Order, 1968. Appeal. AID TO INDUSTRIES [1935 : Pb. Act 966 may allow in this behalf, proceed to recover the loan in the manner laid down in sections 23, 24 and 25

30. Within fifteen days of the receipt of a notice under sections 27, 28 or 29, the borrower may appeal against such order to the 1[Central Government] and the decision of the 1 [Central Government] thereon shall be final

31. The conditions of a guarantee by the 1 [Central Government Government] of a minimum return on the whole or part of e minimum return.of the capital of a joint stock company shall be— (a) that the industry shall be subject to the con. ditions of section 26 in respect of inspection, returns and accounts; (b) that a minimum portion of the authorized capital of the industry to be fixed according to the circumstances of each case has been subscribed and paid in cash; (c) that no such guarantee shall in any case ex- tend beyond a period of 5 years; (d) that during the period to which the guarantee extends, the i [Central Government] may im- pose on such persons as it considers to be directly concerned in the promotion of the company, a condition that if they transfer any of their shares without the consent of the 11 Central Government], they shall be liable jointly and severally to refund the 1[Central Government] any sums paid to the company in fulfilment of the guarantee ; (e) that the 1 [Central Government] shall be en- titled to recover the whole or any part of the sum paid by the 1[Central Government] on account of such guarantee with interest at the rate in force on the date of the agreement for loans granted under the land Improve- ment Loans Act, 1883, at any time after such JSubstituted for the words "State Government" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) Adaptation Of Laws on Concurrent and State Subjects) No. 2 Order, 1968. 1935•: Pb. Act V.I AID TO INDUSTRIES 6 967 period as may have been laid down in the agreement, provided that the IICentral Gov- ernment is satisfied that the company is pay- ing or is able to pay interest or a dividend upon the capital shown as paid in excess of such rate as may be fixed in the agreement and such recovery shall be made in the manner laid down in sections 23, 24 and 25: Provided that the sum recoverable by the 1[Central Government] in any one year shall not exceed a sum equal to half the net profits made by the company in the preceding year in excess of the sum required for the payment of interest or dividend at the rate fixed in agreement. 32. 21A subsidy to a @ttag industry or a village industry for any purpose and a subsidy to any other indus- try for the conduct of research or for purchase of machinery may be granted by the 2[Central Government] on such conditionß as may be prescribed in this behalf]

33. No borrower shall pay any dividend or distribute Disposal of proms when con- or take any profits in excess of such percentage rate upon ditions on which the amount of the capital of the industries as the 1 [Central state aid Is Government] may from time to time fix, until the condi- given are not tions on which the State aid has been granted are fulfill- 34. Notwithstanding anything contained elsewhere Government control of aided in this Chapter, the 1[Central Government] may, by the industry. au•romtment of its own directors or otherwise exercise such control over the conduct of the industry to which the State aid has been given as shall sumce in its opinion to safeguard its interests, provided that such right has been expressly reserved by agreement at the time the aid was granted. 1Substituted for the words "State Government" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation ot Laws and Concurrent and State Subjects) No. 2 Order, 1088. 2SubEtitled for the old section by Punjab Act, Ill ot 1940, section 5. 968 AID TO INDUSTRIES tij35 • Pb. Act V Method ofre- 35. t [Notwithstanding anything contained in sec- ecovery of money tions 23, 24 and 25, any amount payable to the 2 [Central due. Government] under this Act or by virtue of any contract entered into under this act including interest and costs, if any, may with the previous sanction of the 2 [Central Gov- ernment), be recoverable as arrears of land revenue]

CHAPTER V SUPPLY OF MACHINERY ON HIRE-PURCHASE SYSTEM 36. No machinery shall be supplied by the 2[Cen- Percentage of cost to be deposit-tral Government] on the hire-purchase system unless the ed by hiræ. Particulars be specified order whe plication is lowed. applicant therefor deposits with the Director such percen- tage of the cost thereof as may be prescribed, and fur- nishes security for the unpaid portion of such cost in the same manner as for a loan granted under the provisions of Chapter rv. to 37. When an application is allowed, the Director in shall, subject to and in accordance with any rules that al- may be made under this Act, make an order specifying the following particulars, namely— (a) the amount of each instalment of rent to be paid for the hire of the machinery and the number of such instalments to be paid before the machinery shall become the property of the hirer; (b) the amount of interest, if any, to be paid with each instalment of rent on the remaining un- paid instalments; (c) the dates on which and the manner in which the aforesaid payments shall be made; and (d) such other particulars as

may be prescribed. 5. Section 35 substituted by Punjab Act, No. XXXIX of 1953, section 2 substituted for the words "State Government" by the Reorganisation (Chandigarh and Himachal Pradesh) Adaptation Laws on Concurrent and State Subjects) No. 2 Order, 1968. 1935 : Pb. Act V.] TO INDUSTRIES 969 38. Until the hiring is terminated in the manner conditions of hereinafter provided, the following provisions shall supply of machinery on hire- ply, namely:— purchase (a) The hirer shall pay punctually and without demand the instalments of rent and amount of interest specified in the order referred to in section 37. (b) The hirer shall retain the machinery in his own possession in good and serviceable order and conditions and shall not, without the previous written consent of the Director, make any thereto or alteration therein, nor remove the machinery or any part thereof from the premises specified in the application for the supply thereof. (c) The machinery shall remain the sole and absolute property of the Government, and any transfer thereof or assignment of any right, title or interest therein or the creation of any mortgage encumbrance or any other charge thereon by the hirer shall be void as against the Central Government unless it has been made with the previous written consent of the Director. (d) The machinery shall not be liable to distraint, attachment or sale by any process under any law for the time being in force, otherwise than under this Act. (e) The machinery shall bear a metal plate in the prescribed form, and any person who wilfully removes or defaces such plate shall be liable to a fine not exceeding five hundred rupees. It shall be presumed until the contrary is proved that machinery bearing such metal plate is the property of the Government hired out under this Chapter. (f) The hirer shall permit the Director or any person authorized by the Director in this behalf to inspect the machinery at all reasonable times, and the Director or such other person shall have all such powers of entry as may be necessary for the purpose of making an inspection. (g) In addition to the foregoing conditions the hirer shall be bound by such other conditions consistent therewith as may be prescribed by rules made under this Act, or may be imposed by the Director in any particular case.

39. If the hirer makes default in paying the rent by of the machinery or any sum payable as interest or any other charges due from him under this Chapter or fails to comply with any of the conditions which are contained in, or may be imposed under section 38, the Director may, after giving him 10 days notice, terminate the hiring and he or any other officer authorized by him in this behalf may thereupon enter the premises in which the machinery is for the time being kept, whether such premises belong to the hirer not and seize and take away the same. option of hirer 40. (1) If the machinery is seized and taken away machinery for under section 39 the hirer shall have the option to be exercised within one month after such a seizure or such longer period as may be allowed by the Director in this behalf, of purchasing the same by payment to the Director of the unpaid balance of the cost thereof, together with such other amounts as may be due, and the cost of any expenses incidental to such seizure and removal. 1 substituted for the words "property of the Local Government" by the Government of India (Adaptation of Indian Laws) Order, 1937 2 substituted for the word "Crown" by the Adaptation of Order, 1950, 1935 • Pb. Act AID TO INDUSTRIES 97 J (2) If within the period specified in subsection (1) the hirer does not exercise the option of purchase, the Director shall proceed to dispose of the machinery

41. If the Director terminates the hiring under Liability of section 39 and the hirer does not purchase the machinery under section 40, the hirer shall not be entitled of hiring under sections 24 titled to the refund of the sum deposited by him under and 25. section 36 or to the refund or remission of any payment made by or due from him during the hiring, and shall be liable to pay such amount, if any, as the Director may determine in respect of any loss caused by the disposal of the machinery under sub-section (2) of section 40

42. When, after credit has been given for the Termination of hiring on payment deposited under section 36, the hirer has paidment of cost. in full all the instalments of rent mentioned in clause of machinery. (a) of section 37 and the amount of interest, costs and other charges payable by him under this Chapter, he shall become the owner of the machinery and shall thereupon remove from the same the metal

plate mentioned in clause (e) of section 38 Provided that if at any time during the hiring the hirer pays in advance the remaining instalments of rent the interest payable in respect thereof shall be remitted

43. If the hirer wilfully omits, after receiving due Penalty for notice, to remove the metal plate from any machinery non-removal of which has become his property under section 42, the metal plate from machinery, shall be liable to a fine not exceeding fifty rupees

44. All sums payable under this Chapter shall be recoverable in the same way as loans under Chapter IV

CHAPTER VI SUPPLEMENTAL 45. (1) The decision of the [Central Government] Finality of de- as to whether the conditions laid down in or under any provisions of cen- of the provisions of this Act have been satisfied shall be the decision of the Central Government and proceedings substituted for the words "State Government" by the Punjab in Civil and Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Courts. Laws on Concurrent and State Subjects) No. 2 Order, 1968. 972 TO INDUSTRIES 11935 • Pb. Act V be final, and no suit shall be brought in any civil court to set aside or modify any order made thereunder. (2) No prosecution, suit or other proceeding shall be brought against any Government officer or other authority vested with powers under this Act for anything in good faith done or intended to be done thereunder. Loans under 1145-A. All loans granted under the Patiala and Pepsu Act 11 of East Punjab States Union State Aid to Industries Act, 2007 to be deemed- 2007 (Act No. 11 of 2007 Bk.) shall be deemed to be under this granted under and in accordance with the provisions of this Act and shall be recoverable in the same manner in which loans granted under this Act are recoverable]. 46. (1) The [Central Government] may, after Power to make previous publication, make rules consistent with this Act for the carrying out of all or any of its purposes. (2) In particular and without prejudice to the generality of the foregoing power, the [Central Gov. ernment] may make rules regulating or determining all or any of the following matters, namely— (b) regulating the travelling allowance under section 10 (c) the manner of making application for State aid under section 19 • (d) the delegation of power to give loans under section 20 • (e) the form of deed to be executed under section 21 ; (f) the nature and amount of the security to be taken under sections 21 and 36 for the due application and repayment of the State aid or rents together with all interests due there- IAdded by Punjab Act No. 23 of 1957. 2Substituted for the words "State Government" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of laws on Concurrent and State Subjects) No. 2 Order, 1968. bFor rules, see Punjab Government notification No. 42-1&L-37/ 2766 dated 23rd January, 1937. 'Clause (a) omitted by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) (Adaptation of Laws on Concurrent and State Subjects) •Order, 1968. 1935 P b. Act V .j AID TO 973 on, if any, and the rate of; interest at which and the conditions under which State aid may be granted: Provided that where the security consists wholly or in part of the premises, machinery, stock, stores or Other property, present or future, movable or immovable of the industry concerned, then the whole of such property present and future, movable and immovable, may be made liable for the recovery of the loan and all interest due thereon, if any; (g) the inspection under section 26 of the premises, buildings, machinery and stock-in-hand the mode of keeping and auditing the account and furnishing returns of any industry in respect of which State aid has been given; (h) the manner in and the place at which notices or orders may be served on any borrower; (i) the form of the declaration to be used under section 24; (j) the fixing of the period for the repayment of loans; (k) the application under section 33 of profits in the case in which the conditions on which the State aid has been given, have not been fulfilled; (L) the appointment and functions of directors appointed by the [Central Government] under section 34 and the prescribing of other methods of control of industries to which State aid has been given; (m) the percentage of the cost of machinery to be deposited under section 36; tSubstituted for the words "State Government" by the Punjab Reorganisation (Chandigarh and Himachal Pradesh) adaptation of Laws on Concurrent and State Subjects) No. 2 Order, 1968. 974 AID TO INDUSTRIES [1935 • Pb. Act • (the additional particulars to be specified in the order referred to in section 37 and the conditions on which machinery may be supplied on the hire-purchase system; (o) the form of the metal plate referred to in clause (e) of section 38; (p) the form of notice under section 39; (q) the recovery of any sums payable under this Act; and (r) all other matters pertaining to the working of this Act

47. The Punjab Industrial Loans Act, 1923, is here- by repealed..11.9.Ft 12987 LR—00Yt. press, Chd.