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1968

TABLE SHOWING EFFECT OF PARLIAMENTARY LEGISLATION OF 1968

Part I—Central Acts Amended, repealed or otherwise affected

Year of Act	No. of Act	Short Title of Act	How affected	No. and section of 1968 Act by which affected
1	2	3	4	5
1866	21	*Converts Marriage Dissolution Act, 1866.	s. 2 inserted	26, s. 3 and Sch.
1867	25	Press and Registration of Books Act, 1867.	s. 5A amended retrospectively.	30, s. 2.
1870	7	*Court-fees Act, 1870 (as in force in Andaman and Nicobar Islands on 1-8-1966).	s. 2 amended	26, s. 3 and Sch.
1872	15	*Indian Christian Marriage Act, 1872.	s. 1 amended	26, s. 3 and Sch.
1875	9	*Indian Majority Act, 1875.	s. 1 amended	26, s. 3 and Sch.
1890	8	*Guardians and Wards Act, 1890.	s. 1 amended	26, s. 3 and Sch.
1890	9	Indian Railways Act, 1890.	ss. 100A, 100B inserted. ss. 131, 148 amended.	52, s. 2. <i>ibid</i> ss. 3, 4,
1898	6	Indian Post Office Act, 1898.	First Schedule substituted.	19, s. 44.
1899	2	*Indian Stamp Act, 1899 (as in force in Madras on 1-8-1966).	ss. 2, 3, 19A, 57, 75A and Sch. I amended.	26, s. 3 and Sch.
1906	3	Indian Coinage Act, 1906.	ss. 6, 13 amended (w.e.f. 1-11-1968).	28, ss. 2, 3.
1908	5	*Code of Civil Procedure, 1908 (as in force in Madras on 1-8-1966).	s. 45A inserted	26, s. 3 and Sch.
1911	2	Indian Patents and Designs Act, 1911.	ss. 78B, 78C, 78D, 78E inserted (w.e.f. 10-7-1968).	44, s. 2.
1913	2	Official Trustees Act, 1913.	s. 1 amended (w.e.f. 15-8-1968).	25, s. 2 and Sch.
1916	15	*Hindu Disposition of Property Act, 1916.	s. 1 amended	26, s. 3 and Sch.
1928	12	*Hindu Inheritance (Removal of Disabilities) Act, 1928.	s. 1 amended	26, s. 3 and Sch.
1929	19	*Child Marriage Restraint Act, 1929.	s. 1 amended	26, s. 3 and Sch.

\*Amended in its application to Pondicherry.

## Table showing effect of Parliamentary Legislation of 1968

1	2	3	4	5
1934	1 Reserve Bank of India Act, 1934.	ss. 2, 17, 33, 45I amended (w.e.f. 1-2-1969).	ss. 23, 24, 26, 27.	
		s. 54AA inserted (w.e.f. 1-2-1969).	<i>Ibid.</i> , s. 28.	
		s. 24 substituted (w.e.f. 1-2-1969).	<i>Ibid.</i> , s. 25.	
1934	32 Indian Tariff Act, 1934.	First Sch. amended	19, s. 34 and Fourth Sch.	
			63, s. 2 [amendment made by clauses (a), (d), (e) (w.e.f. 1-4-1969)].	
1936	3 *Parsi Marriage and Divorce Act, 1936.	s. 1 amended	26, s. 3 and Sch.	
1937	26 *Muslim Personal Law (Shariat) Application Act, 1937.	s. 1 amended	26, s. 3 and Sch.	
1938	4. Insurance Act, 1938.	ss. 3, 3A, 6A, 6B, 7, 10, 11, 21, 30, 33, 40A, 40C, 42, 53, 58, 64E, 64L retrospectively, 64R, 96, 97, 98, 102, 109, 116A, Third Schedule amended (w.e.f. 1-6-1969).	62, ss. 2, 3, 4, 5, 6, 8, 9, 10, 13, 15, 18, 19, 20, 23, 24, 25, 26, 28, 30, 31, 32, 34, 36, 38, 39.	
		s. 31A (to be notified).	<i>Ibid.</i> , s. 14.	
		ss. 27B, 28B, 33A, 34, 34A to 34 H, 37A, 52H to 52N, Parts IIB, and IIC, 101C, 107A, 110D to 110 H Eighth Sch. inserted (w.e.f. 1-6-1969).	<i>Ibid.</i> ss. 11, 12, 16, 17, 22, 29, 33, 35, 37, 40.	
		s. 9, substituted (w.e.f. 1-6-1969)	<i>Ibid.</i> , s. 7.	
		ss. 48C, 64O to 64Q Omitted.	<i>Ibid.</i> ss. 21, 27.	
1939	4 Motor Vehicles Act, 1939.	ss. 1, 2, 9, 28, 29, 38, 42, 63, 96 and Sixth Sch. amended (w.e.f. 15-8-1968)	25, s. 2 and Sch.	
1939	8 *Dissolution of Muslim Marriages Act, 1939.	s. 1 amended	26, s. 2 and Sch.	
1944	1 Central Excises and Salt Act, 1944.	s. 37, First Sch. amended.	19, s. 38.	
1947	14 Industrial Disputes Act, 1947.	s. 2 amended	57, s. 3.	
1949	1 Indian Tariff (Amendment) Act, 1949.	ss. 4, 5 amended	19, s. 37.	
1949	10 Banking Regulation Act, 1949.	ss. 5, 16, 21, 24, 30, 34A, 35A, 35B, 36, 36AA, 36AB, 39 (retrospectively), 51, 52, Part V amended (w.e.f. 1-2-1969).	58, ss. 2, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, 19, 21.	

\*Amended in its application to Pondicherry.



Table showing effect of Parliamentary Legislation of 1968

1	2	3	4	5
			ss. 10A, 10B, 10C, 10D, Part IIB, Part IIC, 47A, 55A, Fifth Sch. inserted (w.e.f. 1-2-1969).	<i>Ibid.</i> , s. 3, 15, 17, 20, 22.
			s. 20 substituted (w.e.f. 1-2-1969).	<i>Ibid.</i> , s. 5.
1949	38	Chartered Accountants Act, 1949.	s. 1 amended (w.e.f. 15-8-1968).	s. 2 and Sch.
1950	29	Transfer of Prisoners Act, 1950.	s. 1 amended (w.e.f. 15-8-1968).	s. 2 and Sch.
1950	43	Representation of the People Act, 1950.	s. 7, Second Sch. amended.	am- 61, s. 4.
1950	64	Road Transport Corporations Act, 1950.	s. 1. amended (w.e.f. 15-8-1968).	s. 2 and Sch.
1952	30	Requisitioning and Acquisition of Immovable Property Act, 1952.	s. 8 amended. s. 25 inserted (w.e.f. 10-1-1968).	31, s. 2. <i>Ibid.</i> , s. 3.
1952	35	Mines Act, 1952.	s. 1. amended (w.e.f. 15-8-1968).	s. 2 and Sch.
1952	38	Delhi and Ajmer Rent Control Act, 1952.	Repealed in its application to Nasirabad Cantonment (w.e.f. 4-12-1968)	49, s. 2.
1952	53	Notaries Act, 1952.	ss. 1, 2, 9, amended (w.e.f. 15-8-1968).	25, s. 2 and Sch.
1953	34	Estate Duty Act, 1953.	s. 5A amended	22, s. 2.
1954	44	Displaced Persons (Compensation and Rehabilitation) Act, 1954.	s. 8A inserted (retrospectively).	17, s. 2.
1955	10	Essential Commodities Act, 1955.	s. 1 amended (w.e.f. 15-8-1968).	25, s. 2 and Sch.
1955	23	State Bank of India Act, 1955.	ss. 33 and 34 amended (w.e.f. 1-2-1969).	58, ss. 29 and 30.
1956	1	Companies Act, 1956.	ss. 1, 3 amended (w.e.f. 15-8-1968).	25, s. 2 and Sch.
			s. 620 C inserted (w.e.f. 15-8-1968).	<i>Ibid.</i> , s. 2 and Sch.
1956	32	*Hindu Minority and Guardianship Act, 1956.	s. 3 amended	26, s. 3 and Sch.
1956	33	Inter-State Water Disputes Act, 1956.	ss. 4, 5, 9, 10, 13 am-ended.	35, ss. 2, 3, 5, 6, 7.
			s. 5A inserted	<i>Ibid.</i> , s. 4.
1956	74	Central Sales Tax Act, 1956.	s. 14 amended	19, s. 43.
1956	78	*Hindu Adoptions and Maintenance Act, 1956.	s. 2. amended	26, s. 3 and Sch.

\*Amended in its application to Pondicherry.

1	2	3	4	5
1957	27	Wealth-tax Act, 1957.	s. 5 and Sch. amended (w.e.f. 1-4-1969). s. 18 amended (w.e.f. 1-4-1968).	19, s. 32. <i>Ibid.</i> , s. 32.
1957	66	Delhi Municipal Corporation Act, 1957.	s. 114 amended	2, s.2.
1958	21	Rice Milling Industry (Regulation Act, 1958.	ss. 3, 5, 6, 8, 13, 21, 22 amended (to be notified) ss. 3A, 14A, 14B inserted (to be notified).	29, ss. 2, 4, 5, 6, 7, 9, 10. <i>Ibid.</i> , ss. 3, 8.
1958	27	Mineral Products (Additional Duties of Excise and Customs) Act, 1958.	s. 3 amended	19, s. 41.
1958	32	Public Premises (Eviction of Unauthorised Occupants) Act, 1958.	ss. 2, 3 amended s. 10E inserted.	32, ss. 2, 3. <i>Ibid.</i> , s. 4.
1959	23	Cost and Works Accountants Act, 1959.	s. 1. amended (w.e.f. 15-8-1968).	25, s. 2 and Sch.
1960	63	*Preference Shares (Regulation of Dividends) Act, 1960.	s. 1 amended Sch. added	26, s.3 and sch. <i>Ibid.</i> , s.3 and Sch.
1961	25	*Advocates Act, 1961.	s. 3. amended s. 58AA inserted s. 24 amended (w.e.f. 5-6-1968). s. 58AB. inserted (w.e.f. 5-6-1968).	26 s. 3, and Sch. <i>Ibid.</i> , s. 3, and Sch. 33, s. 2. <i>Ibid.</i> , s. 3.
1961	43	Income-tax Act, 1961.	ss. 2, 37, 16, 58, 80K, 80M, 139, 153, 192, 194A, 199 (partly retrospectively), 214, 219, 239, 271, 276, 279, 280C, 280O, 280X, 280Z, 280ZA, 280ZB, 280ZD. (w.e.f. 1-4-1968). ss. 35B, 35C, 40A, 141A, 276B inserted (w.e.f. 1-4-68). ss. 2, 10, 23, 24, 40, 43, 58, 67, 80A, 80B, 80C, 80D, 80E, 80F, 80G, 80L, 80N, 80O, 86, 109, 288A, Fifth Schedule amended (w.e.f. 1-4-1969). 80U, Sixth Sch. inserted (w.e.f. 1-4-1969).	19, ss. 4, 6, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 23, 24, 25, 36, 27, 28, 29, 30, and Third Sch. <i>Ibid.</i> , ss. 5, 7, 11, 21. <i>Ibid.</i> , s. 30 and Third Sch. <i>Ibid.</i> , s. 30 and Third Sch.

\*Amended in its application to Pondicherry.

Table showing effect of Parliamentary Legislation of 1968

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I	2	3	4	5
1961	47	Deposit Insurance Corporation Act, 1961.	Substitution of references to Banking Companies Act, 1949. (10 of 1949) (to be notified).	56, s. 2. 1, 7, 71 ss. 2, 6, Chap. III, 56, ss. 3, 5, 6, 8, Heading 14, 15, 16, 9, 10, 11, 12, 13, 14, 17, 36, 42, 48 amended (to be notified). s. 4 substituted (to be notified). <i>Ibid.</i> , s. 4. ss. 13A, 13B, 13C, 13D, inserted. (to be notified). <i>Ibid.</i> , s. 7.
1961	52	Apprentices Act, 1961.	s. 1 amended (w.e.f. 15-8-1968).	25, s. 2 and Sch.
1962	27	State of Nagaland Act, 1962.	s. 11 amended	61, s. 3.
1963	10	Agricultural Refinance Corporation Act, 1963.	s. 2 amended (to be notified).	60, s. 48.
1963	19	Official Languages Act, 1948.	s. 3 substituted s. 4 amended	1, s. 2. <i>Ibid.</i> , s. 3.
1963	45	Administrators-General Act, 1963.	ss. 1, 20, 37, 56 amended (w.e.f. 15-8-1968). s. 21 omitted (w.e.f. 15-8-1968).	25, s. 2 and Sch. <i>Ibid.</i> , s. 2 and Sch.
1964	7	Companies (Profits) Surtax Act, 1964.	Third Sch. amended (partly w.e.f. 1-4-1968 and partly w.e.f. 1-4-1969).	19, s. 33.
1964	37	Food Corporations Act, 1964.	s. 12A inserted	57, s. 2.
1965	18	Gold (Control) Act, 1965.	Repealed.	45, s. 116.
1965	21	Payment of Bonus Act, 1965.	s. 32 amended (to be notified).	62, s. 41.

Part II—Central Ordinances repealed.

Year	No.	Short title	How affected	No. and section of 1968 Act by which affected
I	2	3	4	5
1968	1	Delhi Municipal Corporation (Amendment) Ordinance, 1968.	Repealed	2, s. 3.

*Table showing effect of Parliamentary Legislation of 1968*

1	2	3	4	5
1968— <i>contd.</i>	2	Jammu and Kashmir (Representation of the People (Supplementary) Ordinance, 1968.	Repealed (w.e.f. 9-2-1968).	3, s. 3.
	3	Advocates (Amendment) Ordinance, 1968.	Repealed (w.e.f. 5-6-1968).	33, s. 4.
	4	Requisitioning and Acquisition of Immovable Property (Amendment) Ordinance, 1968.	Repealed	31, s. 4.
	5	Public Premises (Eviction of Unauthorised Occupants) Amendment Ordinance, 1968.	Repealed	32, s. 5.
	6	Gold (Control) Ordinance, 1968.	Repealed	45, s. 116.
	7	Enemy Property Ordinance, 1968.	Repealed (w.e.f. 10-7-1968).	34, s. 25.
	8	Indian Patents and Designs (Amendment) Ordinance, 1968.	Repealed (w.e.f. 10-7-1968).	44, s. 3.
	9	Essential Services Maintenance Ordinance, 1968.	Repealed	59, s. 9.
	10	Indian Railways (Amendment) Ordinance, 1968.	Repealed	52, s. 5.

*Part III—Central Regulation amended*

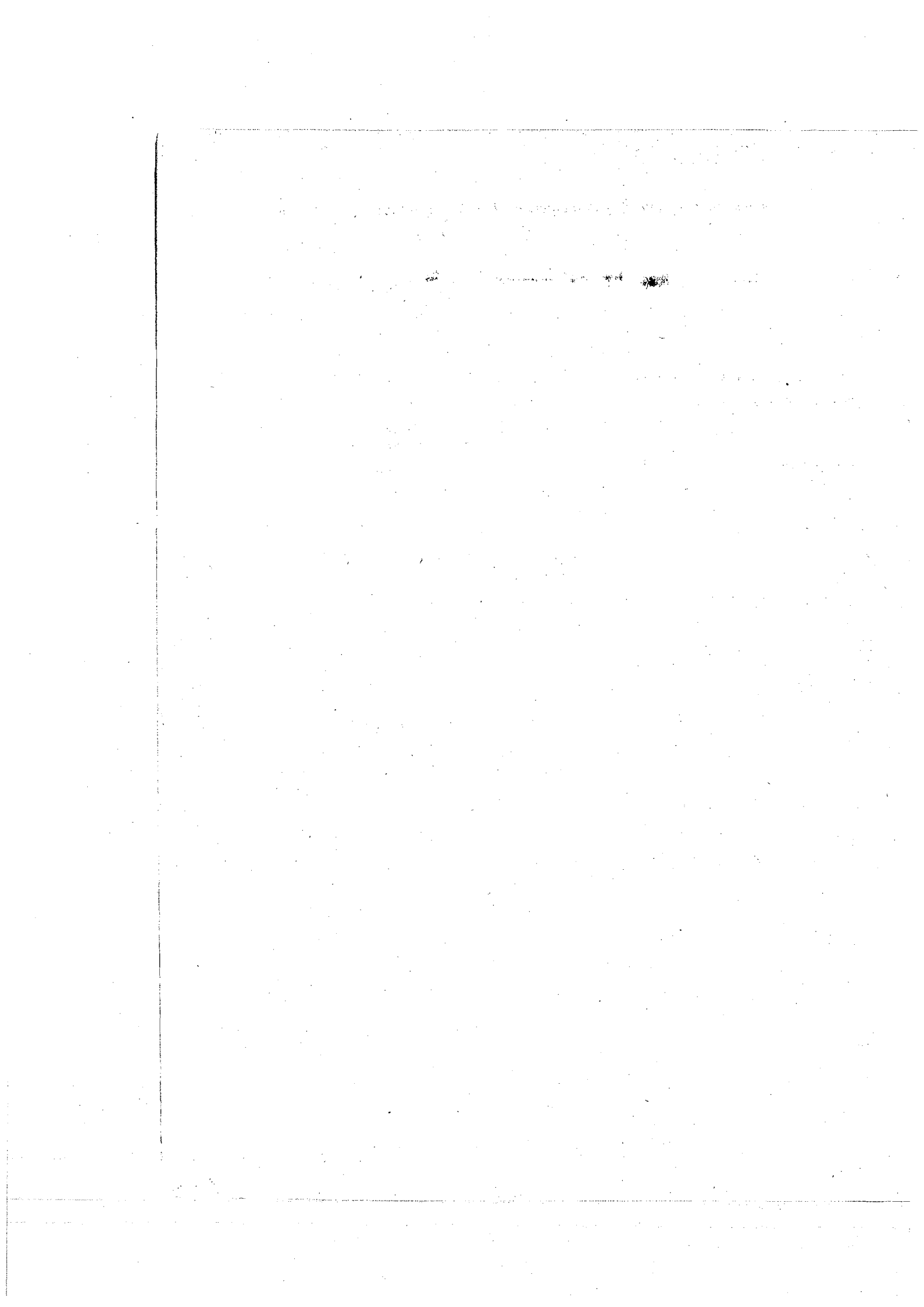
Year	No.	Short title	How amended	No. and section of 1968 Act by which amended
1	2	3	4	5
1958	2	Armed Forces (Special Powers) Regulation, 1958.	s. 1 amended	10, s. 2.

*Table showing effect of Parliamentary Legislation of 1968*

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*Part IV—Constitution of India amended*

How affected	No. and section of 1968 Act by which affected
1	2
Articles 31A, 168 and 290A amended.	53, s. 4 (w.e.f. 14-1-1969).
First Schedule amended	24, s. 4 (to be notified) 10.6.1970 36, s. 4 (w.e.f. 1-10-1968). 53, s. 5 (w.e.f. 14-1-1969).
Fourth Schedule amended	<i>Ibid.</i> , s.5. (w.e.f. 14-1-1969).



Rep. by Act.....56.....of 1974, s. 2 + Sch. I

THE OFFICIAL LANGUAGES (AMENDMENT)  
ACT 1967

No. 1 OF 1968

[8th January, 1968]

An Act to amend the Official Languages Act, 1963.

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

1. This Act may be called the Official Languages (Amendment) Act, 1967. Short title.

19 o. 1963.

2. For section 3 of the Official Languages Act, 1963 (hereinafter referred to as the principal Act), the following section shall be substituted, namely:— Substitution of new section for section 3.

“3. (1) Notwithstanding the expiration of the period of fifteen years from the commencement of the Constitution, the English language may, as from the appointed day, continue to be used, in addition to Hindi,— Continuance of English language for official purposes of the Union and for use in Parliament.

(a) for all the official purposes of the Union for which it was being used immediately before that day; and

(b) for the transaction of business in Parliament;

Provided that the English language shall be used for purposes of communication between the Union and a State which has not adopted Hindi as its official language;

Provided further that where Hindi is used for purposes of communication between one State which has adopted Hindi as its official language and another State which has not adopted Hindi as its official language, such communication in Hindi shall be accompanied by a translation of the same in the English language:

Provided also that nothing in this sub-section shall be construed as preventing a State which has not adopted Hindi as its official language from using Hindi for purposes of communication with the Union or with a State which has adopted Hindi as its official language, or by agreement with any other State, and in such a case, it shall not be obligatory to use the English language for purposes of communication with that State.

(2) Notwithstanding anything contained in sub-section (1), where Hindi or the English language is used for purposes of communication—

(i) between one Ministry or Department or office of the Central Government and another;

(ii) between one Ministry or Department or office of the Central Government and any corporation or company owned or controlled by the Central Government or any office thereof;

(iii) between any corporation or company owned or controlled by the Central Government or any office thereof and another,

a translation of such communication in the English language or, as the case may be, in Hindi shall also be provided till such date as the staff of the concerned Ministry, Department, office or corporation or company aforesaid have acquired a working knowledge of Hindi.

(3) Notwithstanding anything contained in sub-section (1), both Hindi and the English language shall be used for—

(i) resolutions, general orders, rules, notifications, administrative or other reports or press communiques issued or made by the Central Government or by a Ministry, Department or office thereof or by a corporation or company owned or controlled by the Central Government or by any office of such corporation or company;



(ii) administrative and other reports and official papers laid before a House or the Houses of Parliament;

(iii) contracts and agreements executed and licences, permits, notices and forms of tender issued, by or on behalf of the Central Government or any Ministry, Department or office thereof or by a corporation or company owned or controlled by the Central Government or by any office of such corporation or company.

(4) Without prejudice to the provisions of sub-section (1) or sub-section (2) or sub-section (3), the Central Government may, by rules made under section 8, provide for the language or languages to be used for the official purpose of the Union, including the working of any Ministry, Department, section or office, and in making such rules, due consideration shall be given to the quick and efficient disposal of the official business and the interests of the general public and in particular, the rules so made shall ensure that persons serving in connection with the affairs of the Union and having proficiency either in Hindi or in the English language may function effectively and that they are not placed at a disadvantage on the ground that they do not have proficiency in both the languages.

(5) The provisions of clause (a) of sub-section (1), and the provisions of sub-section (2), sub-section (3) and sub-section (4) shall remain in force until resolutions for the discontinuance of the use of the English language for the purposes mentioned therein have been passed by the Legislatures of all the States which have not adopted Hindi as their official language and until after considering the resolutions aforesaid, a resolution for such discontinuance has been passed by each House of Parliament."

3. To sub-section (4) of section 4 of the principal Act, the following proviso shall be added, namely:—

Amend-  
ment of  
section 4.

"Provided that the directions so issued shall not be inconsistent with the provisions of section 3."

Rep. by Act... 56... of 1974, s. 2 + sch. I

THE DELHI MUNICIPAL CORPORATION (AMENDMENT) ACT, 1968

No. 2 OF 1968

[23rd March, 1968]

An Act further to amend the Delhi Municipal Corporation Act, 1957.

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

Short title.

1. This Act may be called the Delhi Municipal Corporation (Amendment) Act, 1968.

Amendment of section 114 of Act 66 of 1957.

2. In section 114 of the Delhi Municipal Corporation Act, 1957 (hereinafter referred to as the principal Act), in sub-section (1),—

(a) in sub-clause (i) of clause (d), for the word "twenty", the word "thirty" shall be substituted;

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

"Provided further that the general tax may be levied on a graduated scale, if the Corporation so determines."

Repeal and saving.

3. (1) The Delhi Municipal Corporation (Amendment) Ordinance, 1968, is hereby repealed.

1 of 1968.

(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 as if this Act had come into force on the 3rd day of February, 1968.

THE JAMMU AND KASHMIR REPRESENTATION OF  
THE PEOPLE (SUPPLEMENTARY) ACT, 1968

No. 3 OF 1968

[23rd March, 1968]

An Act to supplement the Jammu and Kashmir Representation  
of the People Act, 1957.

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

1. (1) This Act may be called the Jammu and Kashmir Represen-  
tation of the People (Supplementary) Act, 1968.

Short title  
and com-  
mence-  
ment.

(2) It shall be deemed to have come into force on the 9th day of  
February, 1968.

2. The provisions of sections 116A, 116B and 116C of the Repre-  
sentation of the People Act, 1951, shall, so far as may be, apply to  
every order made by the High Court of Jammu and Kashmir subject  
to the following modifications, namely:—

43 of 1951.

Applica-  
tion of  
sections  
116A,  
116B  
and 116C  
of the Re-  
presenta-  
tion of the  
People  
Act, 1951,  
to orders  
made by  
the  
Jammu

(a) references therein to the High Court shall be construed  
as including references to the High Court of Jammu and Kashmir,

(b) references therein to the State Legislature or to the  
Speaker or Chairman thereof, shall be construed as including  
references to the Legislature of the State of Jammu and Kashmir  
and to the Speaker or Chairman thereof, and

Jammu and Kashmir  
High Court.

(c) references therein to the provisions of the Representation of the People Act, 1951, shall, in relation to the State of Jammu and Kashmir, be construed as references to the corresponding provisions of the Jammu and Kashmir Representation of the People Act, 1957.

Jammu  
and Kashmir  
Act  
No. IV  
of 1957.

Repeal  
and  
saving.

3. (1) The Jammu and Kashmir Representation of the People (Supplementary) Ordinance, 1968, is hereby repealed.

2 of 1968.

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

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# THE APPROPRIATION ACT, 1968

No. 4 OF 1968

[25th March, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1967-68.

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

1. This Act may be called the Appropriation Act, 1968. Short title.
2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of three hundred and twenty-five crores, one lakh and ninety-three thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1967-68 in respect of the services specified in column 2 of the Schedule. Issue of Rs. 3,25,01,93,000 out of the Consolidated Fund of India for the year 1967-68.
3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

THE SCHEDULE  
(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
1	Ministry of Commerce . . .	5,11,000	..	5,11,000
2	Foreign Trade . . . . .	5,02,50,000	53,00,000	5,55,50,000
3	Other Revenue Expenditure of the Ministry of Commerce . .	72,50,000	..	72,50,000
5	Defence Services, Effective— Army . . . . .	18,04,99,000	..	18,04,99,000
8	Defence Services, Non-Effec- tive . . . . .	75,00,000	..	75,00,000
15	External Affairs . . . . .	60,00,000	..	60,00,000
17	Ministry of Finance . . . . .	7,19,000	..	7,19,000
18	Customs . . . . .	6,58,000	..	6,58,000
19	Union Excise Duties . . . . .	27,72,000	..	27,72,000
20	Taxes on Income including Corporation Tax, etc. . . . .	95,00,000	..	95,00,000
22	Audit . . . . .	55,21,000	..	55,21,000
23	Currency and Coinage . . . . .	1,36,64,000	..	1,36,64,000
24	Mint . . . . .	13,13,000	..	13,13,000
25	Kolar Gold Mines . . . . .	29,00,000	..	29,00,000
26	Pensions and Other Retirement Benefits . . . . .	63,64,000	3,34,000	66,98,000
29	Grants-in-aid to State and Union Territory Governments . . . . .	19,00,00,000	45,00,000	19,45,00,000
	CHARGED.— <i>Payments of States' Share of Union Excise Duties</i> . . . . .	..	3,06,48,000	3,06,48,000
32	Ministry of Food, Agriculture, Community Development and Co-operation . . . . .	12,44,000	..	12,44,000
34	Payments to the Indian Council of Agricultural Research . . . . .	2,000	..	2,000
38	Ministry of Health and Family Planning . . . . .	1,85,000	..	1,85,000
41	Ministry of Home Affairs . . . . .	33,88,000	..	33,88,000

1	2	3		
		Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
42	Cabinet . . . . .	2,42,000	..	2,42,000
44	Police . . . . .	8,64,63,000	..	8,64,63,000
49	Delhi . . . . .	1,20,00,000	2,73,000	1,22,73,000
50	Chandigarh . . . . .	79,58,000	1,94,000	81,52,000
51	Andaman and Nicobar Islands .	46,87,000	..	46,87,000
52	Tribal Areas . . . . .	76,73,000	..	76,73,000
54	Laccadive, Minicoy and Amin- divi Islands . . . . .	6,57,000	..	6,57,000
56	Department of Industrial Deve- lopment . . . . .	4,08,000	..	4,08,000
58	Salt . . . . .	22,15,000	..	22,15,000
59	Other Revenue Expenditure of the Department of Industrial Development . . . . .	3,50,000	..	3,50,000
60	Ministry of Information and Broadcasting . . . . .	2,48,000	..	2,48,000
61	Broadcasting . . . . .	68,72,000	..	68,72,000
63	Ministry of Irrigation and Power . . . . .	1,08,000	..	1,08,000
66	Ministry of Labour, Employ- ment and Rehabilitation . .	2,37,000	..	2,37,000
69	Expenditure on Displaced Persons . . . . .	1,30,17,000	..	1,30,17,000
73	Ministry of Petroleum and Chemicals . . . . .	2,82,000	..	2,82,000
74	Other Revenue Expenditure of the Ministry of Petroleum and Chemicals . . . . .	73,16,000	..	73,16,000
75	Ministry of Steel, Mines and Metals . . . . .	4,83,000	..	4,83,000
78	Ministry of Tourism and Civil Aviation . . . . .	1,21,000	..	1,21,000
80	Aviation . . . . .	1,23,75,000	..	1,23,75,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
81	Other Revenue Expenditure of the Ministry of Tourism and Civil Aviation . . . . .	6,70,000	..	6,70,000
82	Ministry of Transport and Shipping . . . . .	7,01,000	..	7,01,000
83	Roads . . . . .	..	51,000	51,000
85	Lighthouses and Lightships . . . . .	14,00,000	..	14,00,000
86	Other Revenue Expenditure of the Ministry of Transport and Shipping . . . . .	1,35,27,000	..	1,35,27,000
87	Department of Works and Housing . . . . .	1,04,000	..	1,04,000
88	Public Works . . . . .	1,72,41,000	30,03,000	2,02,44,000
93	Department of Communications . . . . .	45,000	..	45,000
95	Posts and Telegraphs—Working Expenses . . . . .	12,16,25,000	..	12,16,25,000
96	Posts and Telegraphs—Dividend to General Revenues and Appropriations to Reserve Funds . . . . .	1,000	..	1,000
103	Department of Supply . . . . .	2,56,000	..	2,56,000
104	Supplies and Disposals . . . . .	8,48,000	5,000	8,53,000
105	Other Revenue Expenditure of the Department of Supply . . . . .	4,31,000	..	4,31,000
107	Lok Sabha . . . . .	..	11,000	11,000
	CHARGED.— <i>Staff, Household and Allowances of the President</i> . . . . .	..	62,000	62,000
110	Capital Outlay of the Ministry of Commerce . . . . .	80,000	..	80,000
117	Commuted Value of Pensions . . . . .	58,51,000	2,52,000	61,03,000
119	Capital Outlay on Grants to State and Union Territory Governments for Develop- ment . . . . .	8,18,48,000	..	8,18,48,000



OF 1968]

## Appropriation

II.

I	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
120	Loans and Advances by the Central Government . . . . .	80,00,00,000	50,00,00,000	1,30,00,00,000
121	Purchase of Foodgrains and Fertilizers . . . . .	86,44,00,000	1,37,000	86,45,37,000
124	Capital Outlay in Union Terri- tories and Tribal Areas . . . . .	1,66,44,000	17,81,000	1,84,25,000
127	Capital Outlay of the Ministry of Information and Broad- casting . . . . .	2,40,00,000	..	2,40,00,000
131	Capital Outlay of the Ministry of Petroleum and Chemicals . . . . .	3,72,50,000	..	3,72,50,000
135	Capital Outlay on Roads . . . . .	5,48,45,000	1,00,000	5,49,45,000
136	Capital Outlay on Ports . . . . .	..	23,000	23,000
138	Delhi Capital Outlay . . . . .	78,00,000	..	78,00,000
	TOTAL . . . . .	2,70,35,19,000	54,66,74,000	3,25,01,93,000

THE APPROPRIATION (VOTE ON ACCOUNT) ACT, 1968

No. 5 OF 1968

[25th March, 1968]

An Act to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1968-69.

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

Short  
title.

1. This Act may be called the Appropriation (Vote on Account) Act, 1968.

With-  
drawal  
of Rs.  
29,40,75,  
42,000  
from and  
out of the  
Consoli-  
dated  
Fund of  
India for  
the  
financial  
year  
1968-69.

2. From and out of the Consolidated Fund of India there may be withdrawn sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of two thousand nine hundred and forty crores, seventy-five lakhs and forty-two thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69.

Appro-  
priation.

3. The sums authorised to be withdrawn from and out of the Consolidated Fund by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the ~~mid~~ year,

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
1	Ministry of Commerce . . . .	7,78,000	..	7,78,000
2	Foreign Trade . . . . .	13,89,33,000	1,000	13,89,34,000
3	Other Revenue Expenditure of the Ministry of Commerce	3,38,04,000	..	3,38,04,000
4	Ministry of Defence . . . .	14,71,000	..	14,71,000
5	*Defence Services—Effective	1,52,50,67,000	1,67,000	1,52,52,34,000
	*Details as in Annexure.			
6	Defence Services—Non-effective	4,70,83,000	..	4,70,83,000
7	Ministry of Education . . . .	16,27,000	..	16,27,000
8	Education . . . . .	9,51,69,000	..	9,51,69,000
9	Archaeology . . . . .	22,89,000	..	22,89,000
10	Survey of India . . . . .	89,74,000	..	89,74,000
11	Grants to the Council of Scien- tific and Industrial Research	3,18,42,000	..	3,18,42,000
12	Other Revenue Expenditure of the Ministry of Education	59,14,000	..	59,14,000
13	External Affairs . . . . .	2,98,86,000	..	2,98,86,000
14	Other Revenue Expenditure of the Ministry of External Affairs . . . . .	3,34,22,000	..	3,34,22,000
15	Ministry of Finance . . . .	46,44,000	..	46,44,000
16	Customs . . . . .	1,15,33,000	8,000	1,15,41,000
17	Union Excise Duties . . . .	2,69,65,000	8,000	2,69,73,000
18	Taxes on Income including Corporation Tax, etc. . . .	2,15,80,000	19,000	2,15,99,000

1 No. of Vote	2 Services and purposes	3		
		Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
19	Stamps . . . . .	89,71,000	..	89,71,000
20	Audit . . . . .	3,75,83,000	5,78,000	3,81,61,000
21	Currency and Coinage . . . . .	2,53,96,000	..	2,53,96,000
22	Mint . . . . .	65,91,000	..	65,91,000
23	Kolar Gold Mines . . . . .	90,94,000	..	90,94,000
24	Pensions and other Retirement Benefits . . . . .	1,65,75,000	5,15,000	1,70,90,000
25	Opium . . . . .	2,50,07,000	..	2,50,07,000
26	Other Revenue Expenditure of the Ministry of Finance . . . . .	6,80,83,000	29,000	6,81,12,000
27	Grants-in-aid to State and Union Territory Governments . . . . .	55,96,48,000	37,61,70,000	93,58,18,000
28	Miscellaneous Adjustments between the Central, State and Union Territory Governments . . . . .	4,70,000	..	4,70,000
29	Pre-partition Payments . . . . .	44,000	1,16,000	1,60,000
	CHARGED.—Interest on Debt and Other Obligations and Reduction or Avoidance of Debt . . . . .	..	90,89,33,000	90,89,33,000
	CHARGED.—Payments of States' Share of Union Excise Duties. . . . .	..	22,29,40,000	22,29,40,000
30	Ministry of Food, Agriculture, Community Development and Co-operation . . . . .	27,01,000	..	27,01,000
31	Agriculture . . . . .	1,72,79,000	..	1,72,79,000
32	Payments to Indian Council of Agricultural Research . . . . .	2,42,87,000	..	2,42,87,000
33	Forest . . . . .	27,76,000	..	27,76,000
34	Other Revenue Expenditure of the Ministry of Food, Agri- culture, Community Deve- lopment and Co-operation . . . . .	4,15,95,000	4,91,000	4,20,86,000
35	Ministry of Health, Family Planning and Urban Develop- ment . . . . .	6,82,000	..	6,82,000
36	Medical and Public Health . . . . .	3,84,14,000	..	3,84,14,000

1	2	3		
		Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
No. of Vote	Services and purposes	Rs.	Rs.	Rs.
37	Other Revenue Expenditure of the Ministry of Health, Family Planning and Urban Development . . . . .	16,47,000	..	16,47,000
38	Ministry of Home Affairs . . . . .	24,81,000	..	24,81,000
39	Cabinet . . . . .	11,17,000	..	11,17,000
40	Administration of Justice . . . . .	42,000	4,42,000	4,84,000
41	Police . . . . .	7,58,84,000	..	7,58,84,000
42	Census . . . . .	21,91,000	..	21,91,000
43	Statistics . . . . .	58,97,000	..	58,97,000
44	Privy Purses and Allowances of Indian Rulers . . . . .	44,000	1,20,30,000	1,20,74,000
45	Territorial and Political Pensions . . . . .	3,13,000	..	3,13,000
46	Delhi . . . . .	6,22,58,000	2,41,000	6,24,99,000
47	Chandigarh . . . . .	99,64,000	3,76,000	1,03,40,000
48	Andaman and Nicobar Islands . . . . .	1,19,38,000	..	1,19,38,000
49	Tribal Areas . . . . .	4,11,30,000	..	4,11,30,000
50	Dadra and Nagar Haveli Area . . . . .	9,39,000	..	9,39,000
51	Laccadive, Minicoy and Amin-divi Islands . . . . .	17,98,000	..	17,98,000
52	Other Revenue Expenditure of the Ministry of Home Affairs . . . . .	1,79,08,000	..	1,79,08,000
53	Ministry of Industrial Development and Company Affairs . . . . .	13,21,000	..	13,21,000
54	Industries . . . . .	73,24,000	1,67,000	74,91,000
55	Salt . . . . .	10,02,000	..	10,02,000
56	Other Revenue Expenditure of the Ministry of Industrial Development and Company Affairs . . . . .	18,97,000	..	18,97,000
57	Ministry of Information and Broadcasting . . . . .	3,49,000	..	3,49,000
58	Broadcasting . . . . .	1,69,16,000	..	1,69,16,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
59	Other Revenue Expenditure of the Ministry of Information and Broadcasting	1,01,02,000	..	1,01,02,000
60	Ministry of Irrigation and Power	5,92,000	..	5,92,000
61	Multi-purpose River Schemes.	37,61,000	..	37,61,000
62	Other Revenue Expenditure of the Ministry of Irrigation and Power	1,43,09,000	..	1,43,09,000
63	Ministry of Labour, Employment and Rehabilitation	13,62,000	..	13,62,000
64	Director General, Mines Safety.	8,87,000	..	8,87,000
65	Labour and Employment	2,53,10,000	7,000	2,53,17,000
66	Expenditure on Displaced Persons	2,14,71,000	7,000	2,14,78,000
67	Other Revenue Expenditure of the Ministry of Labour, Employment and Rehabilitation	3,03,000	..	3,03,000
68	Ministry of Law	11,47,000	..	11,47,000
69	Other Revenue Expenditure of the Ministry of Law	27,22,000	..	27,22,000
70	Ministry of Petroleum and Chemicals	4,80,000	..	4,80,000
71	Other Revenue Expenditure of the Ministry of Petroleum and Chemicals	14,21,000	..	14,21,000
72	Ministry of Steel, Mines and Metals	6,63,000	..	6,63,000
73	Geological Survey	1,83,48,000	..	1,83,48,000
74	Other Revenue Expenditure of the Ministry of Steel, Mines and Metals	2,91,97,000	29,000	2,92,26,000
75	Ministry of Tourism and Civil Aviation	3,25,000	..	3,25,000
76	Meteorology	62,50,000	..	62,50,000
77	Aviation	2,02,17,000	..	2,02,17,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
78	Other Revenue Expenditure of the Ministry of Tourism and Civil Aviation . . . . .	36,55,000	..	36,55,000
79	Ministry of Transport and Shipping . . . . .	22,46,000	..	22,46,000
80	Roads . . . . .	2,55,68,000	..	2,55,68,000
81	Mercantile Marine . . . . .	39,73,000	..	39,73,000
82	Lighthouses and Lightships . . . . .	23,23,000	..	23,23,000
83	Other Revenue Expenditure of the Ministry of Transport and Shipping . . . . .	64,84,000	..	64,84,000
84	Ministry of Works, Housing and Supply . . . . .	18,61,000	..	18,61,000
85	Public Works . . . . .	6,56,64,000	7,66,000	6,64,30,000
86	Stationery and Printing . . . . .	2,24,43,000	..	2,24,43,000
87	Supplies and Disposals . . . . .	69,75,000	..	69,75,000
88	Other Revenue Expenditure of the Ministry of Works, Housing and Supply . . . . .	31,87,000	33,000	32,20,000
89	Department of Atomic Energy . . . . .	5,04,000	..	5,04,000
90	Other Revenue Expenditure of the Department of Atomic Energy . . . . .	2,80,51,000	..	2,80,51,000
91	Department of Communications . . . . .	2,33,000	..	2,33,000
92	Overseas Communications Service . . . . .	45,90,000	..	45,90,000
93	Posts and Telegraphs (Working Expenses). . . . .	34,31,31,000	2,000	34,31,33,000
94	Posts and Telegraphs—Dividend to General Revenues, Appropriations to Reserve Funds and Repayment of Loans from General Revenues . . . . .	4,72,03,000	..	4,72,03,000
95	Other Revenue Expenditure of the Department of Communications . . . . .	5,75,000	..	5,75,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
96	Department of Parliamentary Affairs	1,10,000	..	1,10,000
97	Department of Social Welfare	3,10,000	..	3,10,000
98	Other Revenue Expenditure of the Department of Social Welfare	66,97,000	..	66,97,000
99	Planning Commission	26,50,000	..	26,50,000
100	Lok Sabha	26,63,000	12,000	26,75,000
101	Rajya Sabha	9,80,000	12,000	9,92,000
	CHARGED.—Staff, Household and Allowances of the President	..	6,16,000	6,16,000
102	Secretariat of the Vice-President	49,000	..	49,000
	CHARGED.—Union Public Service Commission	..	14,49,000	14,49,000
103	Capital Outlay of the Ministry of Commerce	11,49,000	..	11,49,000
104	Defence Capital Outlay	21,75,83,000	5,84,000	21,81,67,000
105	Capital Outlay of the Ministry of Education	11,05,000	..	11,05,000
106	Capital Outlay on the India Security Press	7,87,000	..	7,87,000
107	Capital Outlay on Currency and Coinage	3,26,59,000	..	3,26,59,000
108	Capital Outlay on Mints	13,14,000	..	13,14,000
109	Capital Outlay on Kolar Gold Mines	19,04,000	..	19,04,000
110	Commuted Value of Pensions	80,08,000	25,000	80,33,000
111	Other Capital Outlay of the Ministry of Finance	44,17,000	..	44,17,000
112	Capital Outlay on Grants to State Governments for Development	8,62,64,000	..	8,62,64,000



I No. of Vote	2 Services and purposes	3		
		Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
113	Loans and Advances by the Central Government . . . . .	86,53,57,000	1,42,97,00,000	2,29,50,57,000
	CHARGED.—Repayment of Debt . . . . .	..	19,08,00,00,000	19,08,00,00,000
114	Purchase of Foodgrains and Fertilizers . . . . .	1,44,70,64,000	17,000	1,44,70,81,000
115	Other Capital Outlay of the Ministry of Food, Agriculture, Community Development and Co-operation . . . . .	4,49,19,000	18,000	4,49,37,000
116	Capital Outlay of the Ministry of Health, Family Planning and Urban Development . . . . .	2,63,43,000	..	2,63,43,000
117	Capital Outlay in Union Territories and Tribal Areas . . . . .	3,94,59,000	21,50,000	4,16,09,000
118	Other Capital Outlay of the Ministry of Home Affairs . . . . .	12,53,000	..	12,53,000
119	Capital Outlay of the Ministry of Industrial Development and Company Affairs . . . . .	1,72,32,000	..	1,72,32,000
120	Capital Outlay of the Ministry of Information and Broadcasting . . . . .	1,33,79,000	..	1,33,79,000
121	Capital Outlay on Multi-purpose River Schemes . . . . .	2,97,29,000	..	2,97,29,000
122	Other Capital Outlay of the Ministry of Irrigation and Power . . . . .	2,62,69,000	..	2,62,69,000
123	Capital Outlay of the Ministry of Labour, Employment and Rehabilitation . . . . .	1,05,46,000	2,000	1,05,48,000
124	Capital Outlay of the Ministry of Petroleum and Chemicals . . . . .	3,02,85,000	..	3,02,85,000
125	Capital Outlay of the Ministry of Steel, Mines and Metals . . . . .	23,37,76,000	..	23,37,76,000
126	Capital Outlay on Aviation . . . . .	1,34,51,000	58,000	1,35,09,000
127	Other Capital Outlay of the Ministry of Tourism and Civil Aviation . . . . .	97,63,000	..	97,63,000
128	Capital Outlay on Roads . . . . .	6,88,46,000	42,000	6,88,88,000

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
129	Capital Outlay on Ports . . .	35,83,000	..	35,83,000
130	Other Capital Outlay of the Ministry of Transport and Shipping . . . . .	46,61,000	..	46,61,000
131	Delhi Capital Outlay . . . .	1,15,17,000	1,50,000	1,16,67,000
132	Capital Outlay on Public Works . . . . .	1,24,17,000	83,000	1,25,00,000
133	Other Capital Outlay of the Ministry of Works, Housing and Supply . . . . .	2,95,000	..	2,95,000
134	Capital Outlay of the Depart- ment of Atomic Energy . . .	7,95,83,000	..	7,95,83,000
135	Capital Outlay on Posts and Telegraphs (Not met from Revenue) . . . . .	10,25,25,000	..	10,25,25,000
136	Other Capital Outlay of the Department of Communi- cations . . . . .	95,84,000	..	95,84,000
	GRAND TOTAL . . . . .	7,36,85,55,000	22,03,89,87,000	29,40,75,42,000

## ANNEXURE

DETAILS IN RESPECT OF DEFENCE SERVICES—EFFECTIVE, SPECIFIED IN  
ITEM 5 OF THE SCHEDULE

Sums not exceeding			
	Voted by Parliament	Charged on the Consoli- dated Fund	Total
	Rs.	Rs.	Rs.
Army (including Defence Production) .	1,18,11,57,000	1,43,000	1,18,13,00,000
Navy . . . . .	6,36,93,000	7,000	6,37,00,000
Air Force . . . . .	28,02,17,000	17,000	28,02,34,000
	1,52,50,67,000	1,67,000	1,52,52,34,000

THE WEST BENGAL STATE LEGISLATURE  
(DELEGATION OF POWERS) ACT, 1968

No. 6 OF 1968

[25th March, 1968]

An Act to confer on the President the power of the Legislature of the State of West Bengal to make laws.

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

Short  
title.

1. This Act may be called the West Bengal State Legislature (Delegation of Powers) Act, 1968.

Defini-  
tion.

2. In this Act, "Proclamation means the Proclamation issued on the 20th day of February, 1968 under article 356 of the Constitution, by the President and published with the notification of the Government of India in the Ministry of Home Affairs No. G.S.R. 322 of the said date.

Confer-  
ment on  
the Presi-  
dent of  
the power  
of the State  
Legisla-  
ture to  
make laws.

3. (1) The power of the Legislature of the State of West Bengal to make laws, which has been declared by the Proclamation to be exercisable by or under the authority of Parliament, is hereby conferred on the President.

(2) In the exercise of the said power, the President may, from time to time, whether Parliament is or is not in session, enact as a President's Act a Bill containing such provisions as he considers necessary:

Provided that before enacting any such Act, the President shall, whenever he considers it practicable to do so, consult a committee constituted for the purpose, consisting of forty members of the

House of the People nominated by the Speaker and twenty members of the Council of States nominated by the Chairman.

(3) Every Act enacted by the President under sub-section (2) shall, as soon as may be after enactment, be laid before each House of Parliament.

(4) Either House of Parliament may, by resolution passed within thirty days from the date on which the Act has been laid before it under sub-section (3), which period may be comprised in one session or in two successive sessions, direct any modifications to be made in the Act and if the modifications are agreed to by the other House of Parliament during the session in which the Act has been so laid before it or the session succeeding, such modifications shall be given effect to by the President by enacting an amending Act under sub-section (2):

Provided that nothing in this sub-section shall affect the validity of the Act or of any action taken thereunder before it is so amended.

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THE UTTAR PRADESH STATE LEGISLATURE  
(DELEGATION OF POWERS) ACT, 1968

No. 7 OF 1968

[27th March, 1968]

An Act to confer on the President the Power of the Legislature of the State of Uttar Pradesh to make laws.

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

Short  
title.

1. This Act may be called the Uttar Pradesh State Legislature (Delegation of Powers) Act, 1968.

Defini-  
tion.

2. In this Act, "Proclamation" means the Proclamation issued on the 25th day of February, 1968, under article 356 of the Constitution, by the President and published with the notification of the Government of India in the Ministry of Home Affairs No. G.S.R. 367 of the said date.

Confer-  
ment on  
the Presi-  
dent of  
the power  
of the  
State  
Legisla-  
ture to  
make laws.

3. (1) The power of the Legislature of the State of Uttar Pradesh to make laws, which has been declared by the Proclamation to be exercisable by or under the authority of Parliament, is hereby conferred on the President.

(2) In the exercise of the said power, the President may, from time to time, whether Parliament is or is not in session, enact as a President's Act a Bill containing such provisions as he considers necessary:

Provided that before enacting any such Act, the President shall, whenever he considers it practicable to do so, consult a committee constituted for the purpose consisting of forty members of the

House of the People nominated by the Speaker and twenty members of the Council of States nominated by the Chairman.

(3) Every Act enacted by the President under sub-section (2) shall, as soon as may be after enactment, be laid before each House of Parliament.

(4) Either House of Parliament may, by resolution passed within thirty days from the date on which the Act has been laid before it under sub-section (3), which period may be comprised in one session or in two successive sessions, direct any modifications to be made in the Act and if the modifications are agreed to by the other House of Parliament during the session in which the Act has been so laid before it or the session succeeding, such modifications shall be given effect to by the President by enacting an amending Act under sub-section (2):

Provided that nothing in this sub-section shall affect the validity of the Act or of any action taken thereunder before it is so amended.

THE APPROPRIATION (RAILWAYS) ACT, 1968

No. 8 OF 1968

[27th March, 1968]

An Act to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the service of the financial year 1968-69 for the purposes of Railways.

Enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

Short  
title.

1 This Act may be called the Appropriation (Railways) Act, 1968.

Issue of  
Rs. 15,3  
54,01,000  
out of the  
Consolida-  
ted Fund  
of India  
for the  
financial  
year  
1968-69.

2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of one thousand five hundred and thirty-two crores, fifty-four lakhs and one thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services relating to railways specified in column 2 of the Schedule.

Appro-  
priation.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.



## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		Total
		Voted by Parliament	Charged on the Consoli- dated Fund	
		Rs.	Rs.	Rs.
1	Railway Board . . . . .	1,39,93,000	..	1,39,93,000
2	Miscellaneous Expenditure . . . . .	5,15,49,000	3,00,000	5,18,49,000
3	Payments to Worked Lines and Others . . . . .	18,91,000	..	18,91,000
4	Working Expenses—Adminis- tration . . . . .	70,35,22,000	18,000	70,35,40,000
5	Working Expenses—Repairs and Maintenance . . . . .	226,80,59,000	10,000	226,80,69,000
6	Working Expenses—Operating Staff . . . . .	142,54,12,000	15,000	142,54,27,000
7	Working Expenses—Operation (Fuel) . . . . .	146,08,20,000	..	146,08,20,000
8	Working Expenses—Operation other than Staff and Fuel . . . . .	41,41,28,000	50,97,000	41,92,25,000
9	Working Expenses—Miscel- laneous Expenses . . . . .	32,09,27,000	8,23,000	32,17,50,000
10	Working Expenses—Staff Welfare . . . . .	23,89,36,000	..	23,89,36,000
11	Working Expenses—Appropri- ation to Depreciation Reserve Fund . . . . .	100,00,00,000	..	100,00,00,000
11-A	Working Expenses—Appropri- ation to Pension Fund . . . . .	10,00,00,000	..	10,00,00,000
12	Dividend to General Revenues . . . . .	152,00,25,000	..	152,00,25,000
13	Open Line Works (Revenue) . . . . .	9,00,03,000	..	9,00,03,000
14	Construction of New Lines . . . . .	28,83,59,000	..	28,83,59,000
15	Open Line Works—Capital, Depreciation Reserve Fund and Development Fund . . . . .	533,15,92,000	93,000	533,16,85,000

I No. of Vote	2 Services and purposes	3		
		Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
16	Pensionary Charges—Pension Fund	5,38,37,000	..	5,38,37,000
17	Repayments of loans from General Revenues and interest thereon—Development Fund	1,23,84,000	..	1,23,84,000
18	Appropriation to Development Fund	1,00,00,000	..	1,00,00,000
19	Appropriation to Revenue Reserve Fund	..	..	..
20	Withdrawal from Revenue Reserve Fund—Payments towards Amortisation of over capitalisation	1,36,08,000	..	1,36,08,000
	TOTAL	15,31,90,45,000	63,56,000	15,32,54,01,000

THE APPROPRIATION (RAILWAYS) No. 2 ACT, 1968

No. 9 OF 1968

[27th March, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1967-68 for the purposes of Railways.

BE it enacted by Parliament in the Nineteenth year of the Republic of India as follows:—

1. This Act may be called the Appropriation (Railways) No. 2 Act, 1968. Short title.

2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of twenty-three crores, sixty lakhs and ninety-four thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1967-68, in respect of the services relating to railways specified in column 2 of the Schedule. Issue of Rs. 23,60,94,000 out of the Consolidated Fund of India for the financial year 1967-68.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolida- ted Fund	Total
		Rs.	Rs.	Rs.
1	Railway Board . . . . .	6,57,000	..	6,57,000
2	Miscellaneous Expenditure . . . . .	14,24,000	..	14,24,000
4	Working Expenses—Adminis- tration . . . . .	1,80,63,000	..	1,80,63,000
5	Working Expenses—Repairs and Maintenance . . . . .	5,94,95,000	13,000	5,95,08,000
6	Working Expenses—Operating Staff . . . . .	2,25,76,000	64,000	2,26,40,000
7	Working Expenses—Operation (Fuel) . . . . .	9,06,13,000	19,000	9,06,32,000
8	Working Expenses—Operation other than Staff and Fuel . . . . .	2,86,70,000	..	2,86,70,000
9	Working Expenses—Miscella- neous Expenses . . . . .	..	1,67,000	1,67,000
13	Open Line Works (Revenue) . . . . .	..	1,000	1,000
14	Construction of New Lines . . . . .	1,000	..	1,000
15	Open Line Works—Capital, Depreciation Reserve Fund and Development Fund . . . . .	..	15,77,000	15,77,000
16	Pensionary Charges—Pension Fund . . . . .	1,17,40,000	..	1,17,40,000
20	Withdrawal from Revenue Reserve Fund . . . . .	10,14,000	..	10,14,000
	TOTAL . . . . .	23,42,53,000	18,41,000	23,60,94,000

Rep. by Act..... 56 74, S. 2 + sch I

THE ARMED FORCES (SPECIAL POWERS)  
CONTINUANCE ACT, 1968

No. 10 OF 1968

[27th March, 1968]

An Act [to continue the Armed Forces (Special Powers) Regulation, 1958 for a further period.

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

1. This Act may be called the Armed Forces (Special Powers) Short title Continuance Act, 1968.

Regulation  
2 of 1958.

2. In section 1 of the Armed Forces (Special Powers) Regulation, Amendment 1958, in sub-section (4), for the words, figures and letters "the 5th day of April, 1968", the words, figures and letters "the 5th day of April, 1969" shall be substituted.

## THE HARYANA APPROPRIATION ACT, 1968

No. II OF 1968

[28th March, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Haryana for the services of financial year 1967-68.

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

Short title. 1. This Act may be called the Haryana Appropriation Act, 1968.

Issue of  
Rs. 3,97,  
82,210  
from and  
out of the  
Consoli-  
dated  
Fund  
of the  
State of  
Haryana  
for the  
financial  
year  
1967-68.

2. From and out of the Consolidated Fund of the State of Haryana there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of three crores, ninety-seven lakhs, eighty-two thousand, two hundred and ten rupees towards defraying the several charges which will come in course of payment during the financial year 1967-68, in respect of the services specified in column 2 of the Schedule.

Appro-  
priation.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Haryana by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Conso- lidated Fund	Total
		Rs.	Rs.	Rs.
I	Land Revenue . . . . .	6,95,700	..	6,95,700
	<i>Interest on Debt and Other Obligations</i> . . . . .	..	8,40,940	8,40,940
	<i>Appropriation for Reduction or Avoidance of Debt</i> . . . . .	..	1,99,67,660	1,99,67,660
9	General Administration . . . . .	..	5,68,320	5,68,320
10	Administration of Justice . . . . .	..	1,49,300	1,49,300
11	Jails . . . . .	2,43,660	..	2,43,660
12	Police . . . . .	33,09,800	..	33,09,800
16	Education . . . . .	17,34,170	..	17,34,170
29	Public Works . . . . .	..	1,19,460	1,19,460
32	Road and Water Transport . . . . .	20,00,000	..	20,00,000
43	Agricultural Improvement and Research . . . . .	18,00,000	..	18,00,000
44	Industrial and Economic De- velopment . . . . .	83,22,000	..	83,22,000
50	Payments of Commuted Value of Pensions . . . . .	31,200	..	31,200
	<b>TOTAL</b> . . . . .	<b>1,81,36,530</b>	<b>2,16,45,680</b>	<b>3,97,82,210</b>

THE HARYANA APPROPRIATION (VOTE ON ACCOUNT  
ACT, 1968

No. 12 OF 1968

[28th March, 1968]

An Act to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of Haryana for the services of a part of the financial year 1968-69.

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

Short title.

1. This Act may be called the Haryana Appropriation (Vote on Account) Act, 1968.

Withdrawal of Rs. 65,69,28,290 from and out of the Consolidated Fund of the State of Haryana for the financial year 1968-69.

2. From and out of the Consolidated Fund of the State of Haryana there may be withdrawn sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of sixty-five crores, sixty-nine lakhs, twenty-eight thousand, two hundred and ninety rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69.

Appropriation.

3. The sums authorised to be withdrawn from and out of the Consolidated Fund of the State of Haryana by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.



## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
1	Land Revenue . . . . .	21,14,150	1,710	21,15,860
2	State Excise Duties . . . . .	2,38,960	1,000	2,39,960
3	Taxes on Vehicles . . . . .	72,000	..	72,000
4	Sales Tax . . . . .	7,39,550	1,670	7,41,220
5	Other Taxes and Duties . . . . .	5,37,300	2,500	5,39,800
6	Stamps . . . . .	97,830	..	97,830
7	Registration Fees . . . . .	11,400	..	11,400
	<i>Interest on Debt and Other Obligations</i> . . . . .	..	2,99,34,000	2,99,34,000
	<i>Appropriation for Reduction or Avoidance of Debt</i> . . . . .	..	2,33,23,000	2,33,23,000
8	Parliament, State/Union Territory Legislatures . . . . .	6,66,270	16,870	6,83,140
9	General Administration . . . . .	64,16,940	2,91,930	67,08,870
10	Administration of Justice . . . . .	10,25,000	3,65,000	13,90,000
11	Jails . . . . .	13,82,700	..	13,82,700
12	Police . . . . .	1,58,65,000	300	1,58,65,300
13	Supplies and Disposals . . . . .	89,000	..	89,000
14	Miscellaneous Departments . . . . .	6,25,000	..	6,25,000
15	Scientific Departments . . . . .	25,000	..	25,000
16	Education . . . . .	4,16,80,580	1,000	4,16,81,580
17	Medical . . . . .	74,82,000	1,500	74,83,500
18	Public Health . . . . .	72,79,150	1,000	72,80,150
19	Agriculture . . . . .	1,30,00,000	..	1,30,00,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
20	Animal Husbandry . . . . .	45,00,000	..	45,00,000
21	Co-operation . . . . .	18,00,000	3,000	18,03,000
22	Industries . . . . .	40,00,000	..	40,00,000
23	Community Development Pro- jects, National Extension and Local Development Works . . . . .	50,20,000	..	50,20,000
24	Labour and Employment . . . . .	39,00,000	..	39,00,000
25	Miscellaneous Social and Deve- lopmental Organisations . . . . .	7,95,600	..	7,95,600
26	Multi-purpose River Schemes . . . . .	1,33,16,140	..	1,33,16,140
27	{ Irrigation, Navigation, Em- bankment and Drainage Works (Commercial) . . . . .	90,83,900	..	90,83,900
	{ Irrigation, Navigation, Em- bankment and Drainage Works (Non-Commercial) . . . . .			
28	Charges on Irrigation Establish- ment . . . . .	39,75,100	..	39,75,100
29	Public Works . . . . .	51,03,400	25,000	51,28,400
30	Charges on Buildings and Roads Establishment . . . . .	18,44,300	1,000	18,45,300
32	Roads and Water Transport Schemes . . . . .	1,40,00,000	..	1,40,00,000
33	Famine Relief . . . . .	10,00,000	..	10,00,000
34	Pension and Other Retirement Benefits . . . . .	23,98,500	19,790	24,18,290
35	Privy Purses and Allowances of Indian Rulers . . . . .	12,620	..	12,620
36	Stationery and Printing . . . . .	11,61,900	6,000	11,67,900
37	Forests . . . . .	22,81,000	2,000	22,83,000
38	Miscellaneous . . . . .	54,99,000	..	54,99,000
39	Other Miscellaneous Compen- sation and Assignments . . . . .	25,000	..	25,000

1	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
40	Prepartition Payments . . .	1,000	..	1,000
41	Expenditure connected with National Emergency . . .	1,10,660	..	1,10,660
42	Capital Outlay on Schemes of Agricultural Improvement and Research . . .	9,00,000	..	9,00,000
43	Capital Outlay on Industrial and Economic Development . . .	40,00,000	..	40,00,000
44	Capital Outlay on Multi-purpose River Schemes . . .	2,47,00,000	..	2,47,00,000
45	Capital Outlay on Irrigation, Navigation, Embankment and Drainage Works (Commercial) . . .	87,95,000	..	87,95,000
46	Capital Outlay on Public Works	2,11,51,000	1,24,700	2,12,75,700
47	Capital Outlay on Road and Water Transport Schemes . . .	11,05,000	..	11,05,000
48	Payment of Commuted Value of Pensions . . .	30,000	..	30,000
49	Capital Outlay on Schemes of Government Trading . . .	16,44,26,370	..	16,44,26,370
	Public Debt . . .	..	14,00,02,000	14,00,02,000
50	{ Loans to Local Funds—Private Parties.	5,85,20,000	..	5,85,20,000
	{ Loans to Government Servants . . .			
	GRAND TOTAL . . .	46,28,03,320	19,41,24,970	65,69,28,290

THE WEST BENGAL APPROPRIATION ACT, 1968

No. 13 OF 1968

[28th March, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of West Bengal for the services of the financial year 1967-68.

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

Short title.

1. This Act may be called the West Bengal Appropriation Act, 1968.

Issue of  
Rs. 26,84,  
40,733  
from and  
out of the  
Consoli-  
dated Fund  
of the  
State of  
West Bengal  
for the  
financial year  
1967-68.

2. From and out of the Consolidated Fund of the State of West Bengal there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of twenty-six crores, eighty-four lakhs, forty thousand seven hundred and thirty-three rupees towards defraying the several charges which will come in course of payment during the financial year 1967-68, in respect of the services specified in column 2 of the Schedule.

Appropriation.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of West Bengal by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
	{ Other Miscellaneous Compensations and Assignments . . . . .	..	2,25,000	2,25,000
2	{ Payment of Compensation to Landholders, etc., on the Abolition of the Zamindari System . . . . .	..	1,145	1,145
3	State Excise Duties . . . . .	12,67,000	..	12,67,000
4	Taxes on Vehicles . . . . .	1,17,000	..	1,17,000
8	Registration Fees . . . . .	6,60,000	..	6,60,000
9	Interest on Debt and Other Obligations . . . . .	..	90,17,000	90,17,000
11	Parliament, State/Union Territory Legislature . . . . .	..	19,000	19,000
13	Administration of Justice . . . . .	..	6,04,000	6,04,000
14	Jails . . . . .	24,86,000	..	24,86,000
15	Police . . . . .	..	52,000	52,000
17	Miscellaneous Departments—Excluding Fire Services . . . . .	..	13,000	13,000
19	Education . . . . .	..	50,225	50,225
20	Medical . . . . .	..	7,262	7,262
21	Public Health . . . . .	..	587	587
	{ Agriculture—Agriculture . . . . .	..	6,505	6,505
22	{ Capital Outlay on Schemes of Agricultural Improvement and Research . . . . .	..	1,014	1,014
23	Agriculture—Fisheries . . . . .	..	2,442	2,442
24	Capital Outlay on Schemes of Government Trading—Greater Calcutta Milk Supply Scheme . . . . .	..	2,400	2,400
28	Industries—Cinchona . . . . .	6,89,000	..	6,89,000
29	Community Development Projects, National Extension Service and Local Development Works . . . . .	25,89,000	..	25,89,000

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
32	Miscellaneous Social and Develop- mental Organisations—Excluding Welfare of Scheduled Tribes and Castes and Other Backward Classes	3,09,000	..	3,09,000
34	Public Works. . . . .	..	4,98,000	4,98,000
38	Famine Relief . . . . .	4,55,22,000	2,080	4,55,24,080
40	Privy Purses and Allowances of Indian Rulers . . . . .	15,000	..	15,000
42	Forest. . . . .	..	18,563	18,563
43	Miscellaneous—Contributions . . . . .	99,26,000	..	99,26,000
44	{ Miscellaneous—Other Miscellaneous Expenditure . . . . .	..	4,000	4,000
	{ Capital Outlay on Other Works . . . . .	..	64,000	64,000
45	{ Miscellaneous—Irrecoverable Loans to Displaced Persons Written Off . . . . .	4,92,000	..	4,92,000
	{ Public Debt—Loans for Displaced Persons . . . . .	..	23,48,000	23,48,000
47	Expenditure connected with the National Emergency . . . . .	..	577	577
49	Capital Outlay on Public Works . . . . .	..	7,55,000	7,55,000
50	Capital Outlay on Schemes of Govern- ment Trading . . . . .	..	1,36,933	1,36,933
51	Public Debt . . . . .	..	17,96,56,000	17,96,56,000
52	Loans and Advances by State/Union Territory Governments . . . . .	1,08,84,000	..	1,08,84,000
	TOTAL . . . . .	7,49,56,000	19,34,84,733	26,84,40,733

THE WEST BENGAL APPROPRIATION (VOTE ON  
ACCOUNT) ACT, 1968

No. 14 OF 1968

[28th March, 1968]

An Act to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of West Bengal for the services of a part of the financial year 1968-69.

Be it enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

1. This Act may be called the West Bengal Appropriation (Vote on Account) Act, 1968. Short title.
2. From and out of the Consolidated Fund of the State of West Bengal there may be withdrawn sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of one hundred and seven crores, eighty-four lakhs and seventy-five thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69. drawal of Rs. 1,07,84,75,000<sup>00</sup> out of the Consolidated Fund of the State of West Bengal for the financial year 1968-69.
3. The sums authorised to be withdrawn from and out of the Consolidated Fund of the State of West Bengal by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
1	Taxes on Income other than Corporation Tax . . . . .	3,05,000	1,000	3,06,000
	Land Revenue . . . . .	1,95,72,000	41,000	1,96,13,000
2	Other Miscellaneous Com- pensations and Assign- ments . . . . .	9,61,000	1,50,000	11,11,000
	Payment of Compensation to Landholders, etc., on the Abolition of the Zamindari System . . . . .	1,16,66,000	..	1,16,66,000
3	State Excise Duties . . . . .	28,22,000	1,000	28,23,000
4	Taxes on Vehicles . . . . .	5,72,000	..	5,72,000
5	Sales Tax . . . . .	18,89,000	1,000	18,90,000
6	Other Taxes and Duties . . . . .	7,00,000	..	7,00,000
7	Stamps . . . . .	6,84,000	..	6,84,000
8	Registration Fees . . . . .	20,24,000	..	20,24,000
9	Interest on Debt and Other Obligations . . . . .	20,00,000	8,10,32,000	8,30,32,000
11	Parliament, State/Union Ter- ritory Legislature . . . . .	15,91,000	24,000	16,15,000
12	General Administration . . . . .	1,96,43,000	5,61,000	2,02,04,000
13	Administration of Justice . . . . .	54,58,000	19,01,000	73,59,000
14	Jails . . . . .	71,80,000	..	71,80,000
15	Police . . . . .	6,07,15,000	8,000	6,07,23,000
16	Miscellaneous Departments— Fire Services . . . . .	25,26,000	..	25,26,000



1 No. of Vote	2 Services and purposes	3		
		Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
17	Miscellaneous Departments— Excluding Fire Services	1,24,74,000	1,000	1,24,75,000
18	Scientific Departments	26,000	..	26,000
19	Education	14,66,87,000	..	14,66,87,000
20	Medical	5,66,30,000	..	5,66,30,000
21	Public Health	2,82,99,000	..	2,82,99,000
22	{ Agriculture—Agriculture	5,06,37,000	1,000	5,06,38,000
	{ Capital Outlay on Schemes of Agricultural Improvement and Research	1,22,53,000	..	1,22,53,000
23	Agriculture—Fisheries	26,87,000	..	26,87,000
24	{ Animal Husbandry	65,01,000	..	65,01,000
	{ Capital Outlay on Schemes of Government Trading— Greater Calcutta Milk Supply Scheme	2,41,77,000	..	2,41,77,000
25	Co-operation	40,03,000	..	40,03,000
26	{ Industries—Industries	1,04,16,000	76,000	1,04,92,000
	{ Capital Outlay on Indus- trial and Economic Deve- lopment	58,23,000	..	58,23,000
	{ Industries—Cottage Indus- tries	66,36,000	..	66,36,000
27	{ Capital Outlay on Industrial and Economic Develop- ment—Cottage Industries	4,65,000	..	4,65,000
28	Industries—Cinchona	17,04,000	..	17,04,000
29	{ Interest on Debt and Other Obligations—Community Development Projects, Na- tional Extension Service and Local Development Works	..	8,97,000	8,97,000
	{ Community Development Projects, National Exten- sion Service and Local De- velopment Works	1,51,03,000	..	1,51,03,000

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
	Capital Outlay on Other Works—Community Development Projects, National Extension Service and Local Development Works	4,47,000	..	4,47,000
	Loans for Community Development Projects, National Extension Service and Local Development Works	..	20,89,000	20,89,000
	Loans and Advances under Community Development Projects, National Extension Service and Local Development Works	10,53,000	..	10,53,000
30	Labour and Employment	1,51,27,000	..	1,51,27,000
31	Miscellaneous, Social and Developmental Organisations—Welfare of Scheduled Tribes and Castes and Other Backward Classes	51,11,000	2,000	51,13,000
32	Miscellaneous, Social and Developmental Organisations—Excluding Welfare of Scheduled Tribes and Castes and Other Backward Classes	49,32,000	..	49,32,000
	Multi-purpose River Schemes	2,40,52,000	..	2,40,52,000
	Irrigation, Navigation, Embankment and Drainage Works (Commercial)	27,17,000	..	27,17,000
	Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial)	1,28,44,000	2,000	1,28,46,000
33	Capital Outlay on Multi-purpose River Schemes	84,66,000	..	84,66,000
	Capital Outlay on Irrigation, Navigation, Embankment and Drainage Works (Commercial)	16,61,000	..	16,61,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
	{ Capital Outlay on Irrigation, Navigation, Embankment and Drainage Works (Non- Commercial) . . . . .	11,88,000	..	11,88,000
34	Public Works . . . . .	5,19,83,000	5,75,000	5,25,58,000
	{ Greater Calcutta Develop- ment Scheme . . . . .	19,78,000	..	19,78,000
35	{ Capital Outlay on Greater Calcutta Development Scheme . . . . .	62,33,000	..	62,33,000
36	Ports and Pilotage . . . . .	5,16,000	..	5,16,000
	{ Road and Water Transport Schemes . . . . .	19,64,000	2,02,000	21,66,000
37	{ Capital Outlay on Road and Water Transport Schemes . . . . .	3,50,000	..	3,50,000
38	Famine Relief . . . . .	2,00,00,000	..	2,00,00,000
	{ Pensions and Other Retire- ment Benefits . . . . .	66,28,000	1,35,000	67,63,000
39	{ Payments of Commuted Value of Pensions . . . . .	1,86,000	2,000	1,88,000
40	Privy Purses and Allowances of Indian Rulers . . . . .	50,000	..	50,000
41	Stationery and Printing . . . . .	36,91,000	..	36,91,000
42	Forest . . . . .	89,94,000	..	89,94,000
43	Miscellaneous—Contributions . . . . .	1,25,80,000	3,13,000	1,28,93,000
	{ Miscellaneous—Other Mis- cellaneous Expenditure . . . . .	1,82,72,000	18,000	1,82,90,000
44	{ Capital Outlay on Other Works . . . . .	1,92,93,000	1,50,000	1,94,43,000
	{ Interest on Debt and Other Obligations—Expenditure on Displaced Persons . . . . .	..	1,98,000	1,98,000
45	{ Miscellaneous-Irrecoverable Loans to Displaced Per- sons Written Off . . . . .	50,00,000	..	50,00,000

1	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
	Miscellaneous—Expenditure on Displaced Persons .	1,24,02,000	..	1,24,02,000
	Capital Outlay on Other Works—Expenditure on Displaced Persons .	21,66,000	1,66,000	23,32,000
	Loans for Displaced Persons	..	55,31,000	55,31,000
	Loans and Advances to Dis- placed Persons . . .	16,67,000	..	16,67,000
46	Pre-partition Payments .	1,000	..	1,000
47	Expenditure Connected with the National Emergency .	1,29,28,000	..	1,29,28,000
48	Capital Outlay on Multi- purpose River Schemes— Damodar Valley Project .	1,44,62,000	..	1,44,62,000
49	Capital Outlay (on Public Works . . . . .	2,35,64,000	90,000	2,36,54,000
50	Capital Outlay on Schemes of Government Trading .	1,80,64,000	..	1,80,64,000
51	Loans from Central Govern- ment (excluding Loans for Community Development Projects, etc., and Displa- ced Persons). . . . .	..	8,39,68,000	8,39,68,000
	Other Loans . . . . .	..	17,95,000	17,95,000
52	Loans and Advances by State/ Union Territory Govern- ments . . . . .	5,31,45,000	..	5,31,45,000
	GRAND TOTAL . . . . .	89,85,44,000	17,99,31,000	1,07,84,75,000

THE UTTAR PRADESH APPROPRIATION ACT, 1968

No. 15 OF 1968

[29th March, 1968.]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial year 1967-68.

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

1. This Act may be called the Uttar Pradesh Appropriation Act, 1968. **Short title.**

2. From and out of the Consolidated Fund of the State of Uttar Pradesh there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of nineteen crores, ninety-two lakhs, sixty-seven thousand and three hundred rupees towards defraying the several charges which will come in course of payment during the financial year 1967-68, in respect of the services specified in column 2 of the Schedule. **Issue of Rs. 19,92,67,300 from and out of the Consolidated Fund of the State of Uttar Pradesh for the financial year 1967-68.**

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Uttar Pradesh by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. **Appropriation.**

## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
1	Tax on Large Land Holdings . . . . .	26,000	1,000	27,000
2	Land Revenue . . . . .	1,11,61,100	10,500	1,11,71,600
4	Sales Tax . . . . .	100	..	100
6	Stamps . . . . .	1,63,300	..	1,63,300
8	State Legislature . . . . .	100	18,000	18,100
9	Elections . . . . .	24,28,100	..	24,28,100
10	General Administration . . . . .	100	1,40,400	1,40,500
11	Commissioners and District Administration . . . . .	16,12,500	5,000	16,17,500
13	Administration of Justice . . . . .	22,91,300	2,77,400	25,68,700
14	Jails . . . . .	22,16,700	..	22,16,700
15	Police . . . . .	1,09,76,700	38,000	1,10,14,700
16	Food and Civil Supplies and Other Organisations . . . . .	3,80,100	..	3,80,100
17	Scientific Research and Cul- tural Affairs . . . . .	75,500	..	75,500
18	Education . . . . .	1,27,51,400	..	1,27,51,400
19	Medical . . . . .	28,19,100	..	28,19,100
20	Public Health . . . . .	3,75,400	..	3,75,400
21	Agricultural Development . . . . .	200	..	200
22	Colonisation . . . . .	18,500	..	18,500
23	Animal Husbandry and Fisheries . . . . .	34,21,700	..	34,21,700

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
24	Co-operation . . . . .	63,900	..	63,900
25	Industries . . . . .	2,37,700	..	2,37,700
26	Planning and Co-ordination	..	500	500
27	Labour and Employment . .	2,46,800	..	2,46,800
28	Information Directorate . . .	9,000	..	9,000
29	Scheduled and Backward Classes . . . . .	9,54,300	..	9,54,300
30	Social Welfare . . . . .	200	..	200
31	Irrigation Works met from Revenue . . . . .	58,50,400	..	58,50,400
32	Irrigation Establishment . .	52,28,800	..	52,28,800
33	Public Works met from Revenue . . . . .	1,21,00,100	66,000	1,21,66,100
34	Improvement of Communica- tions . . . . .	100	..	100
35	Public Works Establishment . .	25,22,500	3,500	25,26,000
36	Grants-in-aid of Public Works .	100	..	100
37	Transport . . . . .	1,66,02,300	..	1,66,02,300
39	Superannuation Allowances and Pensions . . . . .	6,54,000	..	6,54,000
42	Forest . . . . .	24,03,100	88,700	24,91,800
44	Expenditure connected with National Emergency . . . . .	100	..	100
45	Capital Outlay on Agricultural Schemes . . . . .	2,92,50,000	..	2,92,50,000
46	Capital Outlay on Industrial and Economic Development . .	75,51,400	..	75,51,400
47	Capital Outlay on Multi-pur- pose River Schemes . . . . .	10,00,000	..	10,00,000
48	Capital Outlay on Irrigation Works . . . . .	100	..	100
50	Capital Outlay on Public Works .	300	1,54,100	1,54,400

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
51	Capital Outlay on Road Transport and Other Schemes . . . . .	100	4,600	4,700
54	Loans and Advances bearing Interest . . . . .	6,30,66,400	..	6,30,66,400
	<b>TOTAL . . . . .</b>	<b>19,84,59,600</b>	<b>8,07,700</b>	<b>19,92,67,300</b>



**THE UTTAR PRADESH APPROPRIATION (VOTE ON  
ACCOUNT) ACT, 1968**

No. 16 OF 1968

[29th March, 1968.]

An Act to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of a part of the financial year 1968-69.

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

1. This Act may be called the Uttar Pradesh Appropriation (Vote on Account) Act, 1968. Short title.

2. From and out of the Consolidated Fund of the State of Uttar Pradesh there may be withdrawn sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of two hundred and thirty-nine crores, seventeen lakhs and seven thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69. Withdrawal of Rs. 2,39,17,07,000 from and out of the Consolidated Fund of the State of Uttar Pradesh for the financial year 1968-69.

3. The sums authorised to be withdrawn from and out of the Consolidated Fund of the State of Uttar Pradesh by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

I	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
1	Tax on Large Land Holdings . . . . .	1,25,000	1,000	1,26,000
2	Land Revenue . . . . .	4,05,17,000	4,000	4,05,21,000
3	State Excise . . . . .	16,98,000	1,000	16,99,000
4	Sales Tax . . . . .	31,25,000	2,000	31,27,000
5	Other Taxes and Duties . . . . .	9,47,000	1,000	9,48,000
6	Stamps . . . . .	5,19,000	1,000	5,20,000
7	Registration . . . . .	11,90,000	1,000	11,91,000
8	State Legislature . . . . .	17,58,000	24,000	17,82,000
9	Elections . . . . .	4,21,000	..	4,21,000
10	General Administration . . . . .	98,70,000	5,89,000	1,04,59,000
11	Commissioners and District Administration . . . . .	3,79,46,000	3,000	3,79,49,000
12	Gaon Sabhas and Panchayats . . . . .	60,71,000	1,000	60,72,000
13	Administration of Justice . . . . .	98,56,000	19,84,000	1,18,40,000
14	Jails . . . . .	1,05,15,000	1,000	1,05,16,000
15	Police and Prisons . . . . .	8,11,70,000	2,000	8,11,72,000
16	Food and Civil Supplies and Other Organisations . . . . .	52,53,000	20,000	52,73,000
17	Scientific Research and Cultural Affairs . . . . .	7,81,000	1,000	7,82,000
18	Education . . . . .	19,40,60,000	1,000	19,40,61,000
19	Medical . . . . .	3,90,00,000	1,000	3,90,01,000

1	2	3		
		Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
20	Public Health . . . . .	4,10,92,000	1,000	4,10,93,000
21	Agricultural Development . . . . .	4,25,62,000	28,000	4,25,90,000
22	Colonisation . . . . .	1,07,000	1,000	1,08,000
23	Animal Husbandry and Fisheries . . . . .	1,74,27,000	1,000	1,74,28,000
24	Co-operation . . . . .	62,00,000	1,000	62,01,000
25	Industries . . . . .	3,31,13,000	1,000	3,31,14,000
26	Planning and Co-ordination . . . . .	7,09,39,000	2,000	7,09,41,000
27	Labour and Employment . . . . .	1,39,95,000	3,000	1,39,98,000
28	Information Directorate . . . . .	14,58,000	1,000	14,59,000
29	Scheduled and Backward Classes . . . . .	1,40,20,000	1,000	1,40,21,000
30	Social Welfare . . . . .	14,05,000	1,000	14,06,000
31	Irrigation Works met from Revenue . . . . .	8,08,76,000	1,000	8,08,77,000
32	Irrigation Establishment . . . . .	2,99,31,000	1,000	2,99,32,000
33	Public Works met from Revenue . . . . .	4,09,28,000	1,27,000	4,10,55,000
34	Improvement of Communications . . . . .	41,88,000	..	41,88,000
35	Public Works Establishment . . . . .	1,41,69,000	1,000	1,41,70,000
36	Grants-in-aid of Public Works . . . . .	58,70,000	..	58,70,000
37	Transport . . . . .	11,67,10,000	1,02,000	11,68,12,000
38	Famine Relief . . . . .	17,22,000	16,67,000	33,89,000
39	Superannuation Allowances and Pensions . . . . .	1,21,14,000	80,000	1,21,94,000
40	Political Pensions and Allowances . . . . .	8,03,000	..	8,03,000
41	Stationery and Printing . . . . .	83,75,000	..	83,75,000

54 *Uttar Pradesh Appropriation (Vote on Account)* [ACT 16 OF 1968]

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
42	Forest . . . . .	2,41,77,000	13,000	2,41,90,000
43	Miscellaneous Charges . . . . .	1,67,51,000	2,000	1,67,53,000
44	Expenditure connected with National Emergency . . . . .	74,19,000	1,000	74,20,000
	Interest on Debt and Other Obligations . . . . .	..	12,44,72,000	12,44,72,000
	Reduction or Avoidance of Debt	..	8,68,70,000	8,68,70,000
45	Capital Outlay on Agri- cultural Schemes . . . . .	16,71,79,000	1,000	16,71,80,000
46	Capital Outlay on Industrial and Economic Development . . . . .	1,64,06,000	2,000	1,64,08,000
47	Capital Outlay on Multi-pur- pose River Schemes . . . . .	5,04,67,000	..	5,04,67,000
48	Capital Outlay on Irrigation Works . . . . .	1,61,27,000	1,000	1,61,28,000
49	Capital Outlay on Public Works	6,00,86,000	1,00,000	6,01,86,000
50	Capital Outlay on Road Trans- port and Other Schemes . . . . .	1,07,86,000	43,000	1,08,29,000
51	Commuted Value of Pensions	2,47,000	10,000	2,57,000
52	Schemes of State Trading . . . . .	29,09,96,000	1,000	29,09,97,000
53	Loans and Advances bearing Interest . . . . .	23,69,06,000	..	23,69,06,000
	Repayment of Debt . . . . .	..	27,51,60,000	27,51,60,000
	TOTAL . . . . .	1,90,03,73,000	49,13,34,000	2,39,17,07,000

Rep. by Act.....56 of 1974, S. 2 & sch. I

THE DISPLACED PERSONS (COMPENSATION AND REHABILITATION) AMENDMENT ACT, 1968

No. 17 OF 1968

[3rd April, 1968.]

An Act further to amend the Displaced Persons (Compensation and Rehabilitation) Act, 1954.

Enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

1. This Act may be called the Displaced Persons (Compensation and Rehabilitation) Amendment Act, 1968. Short title

2. In the Displaced Persons (Compensation and Rehabilitation) Act, 1954, after section 8, the following section shall be, and shall be deemed always to have been, inserted, namely:— Insertion of new section 8A.

“8A. (1) Where any compensation is payable to any displaced person in lieu of property abandoned by him in West Pakistan which on the date of his migration from West Pakistan was subject to a mortgage in favour of a person who is not resident in India, the Settlement Commissioner shall, after giving a reasonable notice to the displaced person, determine the principal sum for which the property was so mortgaged and such portion of the principal sum so determined as bears the same proportion as the compensation payable to the displaced person bears to the value of the verified claim of the displaced person in respect of that mortgaged property shall be deductible from the compensation payable in respect of the mortgaged property: Payment compensation in cases of mortgaged properties.

Provided that where compensation has been paid to any displaced person without such deduction having been made, the

**REPLACEMENT**

56 *Displaced Persons (Compensation and Rehabilitation) [ACT 17 OF 1968]*  
*Amendment*

displaced person shall pay to the Central Government the amount of such deduction within three months of the determination thereof or such longer period as may be prescribed:

Provided further that where compensation has been paid to any displaced person by sale or any other mode of transfer to him of any property from the compensation pool, the displaced person may, within the aforesaid period of three months or, as the case may be, within the aforesaid prescribed period,—

(a) either retain the property on his paying in cash the aforesaid amount, or

(b) surrender a portion of that property of a value equivalent to the amount of such deduction, such value being determined by the Settlement Commissioner in the prescribed manner.

(2) If any displaced person fails to pay any amount which is liable to be deducted from his compensation under sub-section (1), or fails to surrender the property of the value equivalent to such amount, such amount may be recovered in the same manner as an arrear of land revenue.”

THE APPROPRIATION (No. 2) ACT, 1968

No. 18 OF 1968

[10th May, 1968.]

An Act to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the services of the financial year 1968-69.

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

1. This Act may be called the Appropriation (No. 2) Act, 1968. Short title.
2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate [inclusive of the sums specified in column 3 of the Schedule to the Appropriation (Vote on Account) Act, 1968] to the sum of fifteen thousand, four hundred and sixty-two crores, one lakh and eighty-eight thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69 in respect of the services specified in column 2 of the Schedule. Issue of Rs. 15,462,01,88,000 out of the Consolidated Fund of India for the year 1968-69
3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

5 of 1968.

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
1	Ministry of Commerce	46,70,000	..	46,70,000
2	Foreign Trade	83,35,98,000	5,000	83,36,03,000
3	Other Revenue Expenditure of the Ministry of Commerce	20,28,22,000	..	20,28,22,000
4	Ministry of Defence	88,27,000	..	88,27,000
5	*Defence Services—Effective	9,15,04,00,000	10,00,000	9,15,14,00,000
	*Details as in Annexure.			
6	Defence Services—Non-effective	28,25,00,000	..	28,25,00,000
7	Ministry of Education	97,61,000	..	97,61,000
8	Education	57,10,12,000	..	57,10,12,000
9	Archaeology	1,37,37,000	..	1,37,37,000
10	Survey of India	5,38,47,000	..	5,38,47,000
11	Grants to Council of Scientific and Industrial Research	19,10,51,000	..	19,10,51,000
12	Other Revenue Expenditure of the Ministry of Education	3,54,83,000	..	3,54,83,000
13	External Affairs	17,93,17,000	..	17,93,17,000
14	Other Revenue Expenditure of the Ministry of External Affairs	20,05,35,000	..	20,05,35,000
15	Ministry of Finance	2,78,62,000	..	2,78,62,000



I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidat- ed Fund	Total
		Rs.	Rs.	Rs.
16	Customs	6,92,00,000	50,000	6,92,50,000
17	Union Excise Duties	16,17,89,000	50,000	16,18,39,000
18	Taxes on Income inclu- ding Corporation tax, etc.	12,94,77,000	1,15,000	12,95,92,000
19	Stamps	5,38,27,000	..	5,38,27,000
20	Audit	22,55,00,000	34,67,000	22,89,67,000
21	Currency and Coinage	15,23,78,000	..	15,23,78,000
22	Mint	3,95,45,000	..	3,95,45,000
23	Kolar Gold Mines	5,45,62,000	..	5,45,62,000
24	Pensions and Other Retirement Benefits	6,63,01,000	20,60,000	6,83,61,000
25	Opium	3,35,07,000	..	3,35,07,000
26	Other Revenue Expendi- ture of the Ministry of Finance	40,84,99,000	1,75,000	40,86,74,000
27	Grants-in-aid to State and Union territory Governments	3,35,78,87,000	1,50,46,79,000	4,86,25,66,000
28	Miscellaneous Adjust- ments between the Central, State and Union territory Governments	28,20,000	..	28,20,000
29	Pre-partition Payments	2,65,000	6,94,000	9,59,000
	CHARGED.—Interest on Debt and Other Oblig- ations and Reduction or Avoidance of Debt	..	5,50,35,97,000	5,50,35,97,000
	CHARGED.—Payments of States' Share of Union Excise Duties	..	2,67,52,83,000	2,67,52,83,000
30	Ministry of Food, Agri- culture, Community Development and Co-operation	1,62,04,000	..	1,62,04,000

1	2	3			
		Sums not exceeding			
		No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund
			Rs.	Rs.	Rs.
31	Agriculture . . . . .	10,36,74,000	..	10,36,74,000	
32	Payments to Indian Council of Agricultural Research . . . . .	14,57,25,000	..	14,57,25,000	
33	Forest . . . . .	1,66,59,000	..	1,66,59,000	
34	Other Revenue Expenditure of the Ministry of Food, Agriculture, Community Development and Co-operation	24,95,73,000	29,54,000	25,25,27,000	
35	Ministry of Health, Family Planning and Urban Development . . . . .	40,94,000	..	40,94,000	
36	Medical and Public Health . . . . .	23,04,82,000	..	23,04,82,000	
37	Other Revenue Expenditure of the Ministry of Health, Family Planning and Urban Development . . . . .	98,82,000	..	98,82,000	
38	Ministry of Home Affairs	1,48,86,000	..	1,48,86,000	
39	Cabinet . . . . .	67,03,000	..	67,03,000	
40	Administration of Justice	2,53,000	26,50,000	29,03,000	
41	Police . . . . .	45,53,06,000	..	45,53,06,000	
42	Census . . . . .	1,31,49,000	..	1,31,49,000	
43	Statistics . . . . .	3,53,79,000	..	3,53,79,000	
44	Privy Purses and Allowances of Indian Rulers . . . . .	1,75,000	4,81,20,000	4,82,95,000	
45	Territorial and Political Pensions . . . . .	18,76,000	..	18,76,000	
46	Delhi . . . . .	37,35,47,000	14,46,000	37,49,93,000	
47	Chandigarh . . . . .	5,97,81,000	22,55,000	6,20,36,000	

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
48	Andaman and Nicobar Islands . . . . .	7,16,25,000	..	7,16,25,000
49	Tribal Areas . . . . .	24,67,81,000	..	24,67,81,000
50	Dadra and Nagar Haveli Area . . . . .	56,32,000	..	56,32,000
51	Laccadive, Minicoy and Amindivi Islands . . . . .	1,07,90,000	..	1,07,90,000
52	Other Revenue Expen- diture of the Ministry of Home Affairs . . . . .	10,74,48,000	..	10,74,48,000
53	Ministry of Industrial Development and Company Affairs . . . . .	79,24,000	..	79,24,000
54	Industries . . . . .	4,39,44,000	10,00,000	4,49,44,000
55	Salt . . . . .	60,11,000	..	60,11,000
56	Other Revenue Expen- diture of the Mi- nistry of Industrial Development and Company Affairs . . . . .	1,13,82,000	..	1,13,82,000
57	Ministry of Informa- tion and Broadcas- ting . . . . .	20,95,000	..	20,95,000
58	Broadcasting . . . . .	10,14,97,000	..	10,14,97,000
59	Other Revenue Expen- diture of the Ministry of Information and Broadcasting . . . . .	6,06,14,000	..	6,06,14,000
60	Ministry of Irrigation and Power . . . . .	35,49,000	..	35,49,000
61	Multi-purpose River Schemes . . . . .	2,25,66,000	..	2,25,66,000
62	Other Revenue Expen- diture of the Mi- nistry of Irrigation and Power . . . . .	8,58,56,000	..	8,58,56,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
63	Ministry of Labour, Employment and Re- habilitation . . . . .	81,69,000	..	81,69,000
64	Director General, Mines Safety . . . . .	53,19,000	..	53,19,000
65	Labour and Em- ployment . . . . .	15,18,58,000	5,000	15,18,63,000
66	Expenditure on Dis- placed Persons . . . . .	12,88,25,000	42,000	12,88,67,000
67	Other Revenue Expen- diture of the Ministry of Labour, Employ- ment and Rehabili- tation . . . . .	18,15,000	..	18,15,000
68	Ministry of Law] . . . . .	68,82,000	..	68,82,000
69	Other Revenue Expen- diture of the Ministry of Law . . . . .	1,63,30,000	..	1,63,30,000
70	Ministry of Petroleum and Chemicals . . . . .	28,83,000	..	28,83,000
71	Other Revenue Expen- diture of the Ministry of Petroleum and Chemicals . . . . .	85,27,000	..	85,27,000
72	Ministry of Steel, Mines and Metals . . . . .	39,79,000	..	39,79,000
73	Geological Survey . . . . .	11,00,86,000	..	11,00,86,000
74	Other Revenue Expen- diture of the Ministry of Steel, Mines and Metals . . . . .	17,41,02,000	1,78,000	17,42,80,000
75	Ministry of Tourism and Civil Aviation . . . . .	19,49,000	..	19,49,000
76	Meteorology . . . . .	3,75,01,000	..	3,75,01,000
77	Aviation] . . . . .	12,13,00,000	..	12,13,00,000
78	Other Revenue Expen- diture of the Ministry of Tourism and Civil Aviation . . . . .	2,19,31,000	..	2,19,31,000

1	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
79	Ministry of Transport and Shipping . . . . .	1,34,77,000	..	1,34,77,000
80	Roads . . . . .	15,34,08,000	..	15,34,08,000
81	Mercantile Marine . . . . .	2,38,40,000	..	2,38,40,000
82	Lighthouses and Lightships . . . . .	1,39,40,000	..	1,39,40,000
83	Other Revenue Expenditure of the Ministry of Transport and Shipping . . . . .	3,89,07,000	..	3,89,07,000
84	Ministry of Works, Housing and Supply . . . . .	1,11,65,000	..	1,11,65,000
85	Public Works . . . . .	39,39,84,000	45,96,000	39,85,80,000
86	Stationery and Printing . . . . .	13,46,60,000	..	13,46,60,000
87	Supplies and Disposals . . . . .	4,18,48,000	..	4,18,48,000
88	Other Revenue Expenditure of the Ministry of Works, Housing and Supply . . . . .	1,91,20,000	2,00,000	1,93,20,000
89	Department of Atomic Energy . . . . .	30,23,000	..	30,23,000
90	Other Revenue Expenditure of the Department of Atomic Energy . . . . .	16,83,05,000	..	16,83,05,000
91	Department of Communications . . . . .	13,96,000	..	13,96,000
92	Overseas Communications Service . . . . .	2,75,42,000	..	2,75,42,000
93	Posts and Telegraphs (Working Expenses) . . . . .	2,05,87,85,000	10,000	2,05,87,95,000
94	Posts and Telegraphs — Dividend to General Revenues, Appropriation to Reserve Funds and Repayments of Loan from General Revenues . . . . .	28,32,16,000	..	28,32,16,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
95	Other Revenue Expenditure of the Department of Communications.	34,50,000	..	34,50,000
96	Department of Parliamentary Affairs	6,61,000	..	6,61,000
97	Department of Social Welfare	18,61,000	..	18,61,000
98	Other Revenue Expenditure of the Department of Social Welfare	4,01,83,000	..	4,01,83,000
99	Planning Commission	1,58,99,000	..	1,58,99,000
100	Lok Sabha	1,56,18,000	69,000	1,56,87,000
101	Rajya Sabha	58,81,000	72,000	59,53,000
	CHARGED.—Staff, Household and Allowances of the President	..	36,94,000	36,94,000
102	Secretariat of the Vice-President	2,93,000	..	2,93,000
	CHARGED.—Union Public Service Commission	..	86,94,000	86,94,000
103	Capital Outlay of the Ministry of Commerce	68,97,000	..	68,97,000
104	Defence Capital Outlay	1,30,55,00,000	35,00,000	1,30,90,00,000
105	Capital Outlay of the Ministry of Education	66,31,000	..	66,31,000
106	Capital Outlay on the India Security Press	47,24,000	..	47,24,000
107	Capital Outlay on Currency and Coinage.	19,59,54,000	..	19,59,54,000
108	Capital Outlay on Mints	78,87,000	..	78,87,000
109	Capital Outlay on Kolar Gold Mines	1,14,26,000	..	1,14,26,000
110	Commuted Value of Pensions	4,80,49,000	1,50,000	4,81,99,000

1	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
111	Other Capital Outlay of the Ministry of Finance	2,65,00,000	..	2,65,00,000
112	Capital Outlay on Grants to State Governments for Development	51,75,83,000	..	51,75,83,000
113	Loans and Advances by the Central Government	4,89,21,43,000	8,27,82,03,000	13,17,03,46,000
	CHARGED.—Repayment of Debt	..	94,40,88,27,000	94,40,88,27,000
114	Purchase of Foodgrains and Fertilisers	7,06,94,98,000	1,01,000	7,06,95,99,000
115	Other Capital Outlay of the Ministry of Food, Agriculture, Community Development and Co-operation	26,95,11,000	1,10,000	26,96,21,000
116	Capital Outlay of the Ministry of Health, Family Planning and Urban Development	15,80,55,000	..	15,80,55,000
117	Capital Outlay in Union territories and Tribal Areas	23,67,54,000	1,29,00,000	24,96,54,000
118	Other Capital Outlay of the Ministry of Home Affairs	75,15,000	..	75,15,000
119	Capital Outlay of the Ministry of Industrial Development and Company Affairs	10,33,89,000	..	10,33,89,000
120	Capital Outlay of the Ministry of Information and Broadcasting	8,02,75,000	..	8,02,75,000
121	Capital Outlay on Multi-purpose River Schemes	17,83,75,000	..	17,83,75,000
122	Other Capital Outlay of the Ministry of Irrigation and Power	15,76,14,000	..	15,76,14,000

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
123	Capital Outlay of the Ministry of Labour, Employment and Re- habilitation	6,32,74,000	10,000	6,32,84,000
124	Capital Outlay of the Ministry of Petroleum and Chemicals	18,17,12,000	..	18,17,12,000
125	Capital Outlay of the Ministry of Steel, Mines and Metals	1,40,26,55,000	..	1,40,26,55,000
126	Capital Outlay on AVia- tion	8,07,06,000	3,50,000	8,10,56,000
127	Other Capital Outlay of the Ministry of Tou- rism and Civil AVia- tion	5,85,78,000	..	5,85,78,000
128	Capital Outlay on Roads	41,30,78,000	2,50,000	41,33,28,000
129	Capital Outlay on Ports	2,15,00,000	..	2,15,00,000
130	Other Capital Outlay of the Ministry of Trans- port and Shipping	2,79,66,000	..	2,79,66,000
131	Delhi Capital Outlay	6,91,00,000	9,00,000	7,00,00,000
132	Capital Outlay on Public Works	7,45,00,000	5,00,000	7,50,00,000
133	Other Capital Outlay of the Ministry of Works, Housing and Supply	17,69,000	..	17,69,000
134	Capital Outlay of the Department of Atomic Energy	47,75,00,000	..	47,75,00,000
135	Capital Outlay on Posts and Telegraphs (Not met from Revenue)	61,51,50,000	..	61,51,50,000
136	Other Capital Outlay of the Department of Communications	5,75,00,000	..	5,75,00,000
	TOTAL	42,14,72,27,000	1,12,47,29,61,000	15,462,01,88,000



## ANNEXURE

DETAILS IN RESPECT OF DEFENCE SERVICES—EFFECTIVE, SPECIFIED IN  
ITEM 5 OF THE SCHEDULE

	Sums not exceeding		
	Voted by Parliament	Charged on the Consolidated Fund	Total
	Rs.	Rs.	Rs.
Army (including Defence Production) . . . .	7,08,69,40,000	8,60,000	7,08,78,00,000
Navy . . . . .	38,21,60,000	40,000	38,22,00,000
Air Force . . . . .	1,68,13,00,000	1,00,000	1,68,14,00,000
	9,15,04,00,000	10,00,000	9,15,14,00,000

THE FINANCE ACT, 1968

ARRANGEMENT OF SECTIONS

CHAPTER I

PRELIMINARY

SECTIONS

1. Short title and commencement.

CHAPTER II

RATES OF INCOME-TAX AND ANNUITY DEPOSIT

2. Income-tax.
3. Annuity deposit.

CHAPTER III

INCOME-TAX

4. Amendment of section 2.
5. Insertion of new sections 35B and 35C.
6. Amendment of section 37.
7. Insertion of new section 40A.
8. Amendment of section 58.
9. Amendment of section 80K.
10. Amendment of section 80M.
11. Insertion of new section 141A.
12. Amendment of section 153.
13. Amendment of section 192.
14. Amendment of section 194A.
15. Amendment of section 199.
16. Amendment of section 214.
17. Amendment of section 219.
18. Amendment of section 239.
19. Amendment of section 271.
20. Amendment of section 276.
21. Insertion of new section 276B.

**SECTIONS**

- 22. Amendment of section 279.
- 23. Amendment of section 280C.
- 24. Amendment of section 280O.
- 25. Amendment of section 280X.
- 26. Amendment of section 280Z.
- 27. Amendment of section 280ZA.
- 28. Amendment of section 280ZB.
- 29. Amendment of section 280ZD.
- 30. Certain additional amendments to the Income-tax Act.
- 31. Special provisions in regard to certain assessments under the Income-tax Act.

**CHAPTER IV**

**OTHER DIRECT TAXES**

- 32. Amendment of Act 27 of 1957.
- 33. Amendment of Act 7 of 1964.

**CHAPTER V**

**INDIRECT TAXES**

- 34. Amendment of Act 32 of 1934.
- 35. Special duties of customs.
- 36. Regulatory duties of customs.
- 37. Amendment of Act 1 of 1949.
- 38. Amendment of Act 1 of 1944.
- 39. Special duties of excise on certain goods.
- 40. Regulatory duties of excise.
- 41. Amendment of Act 27 of 1958.
- 42. Discontinuance of salt duty.

**CHAPTER VI**

**CENTRAL SALES TAX ACT**

- 43. Amendment of Act 74 of 1956.

**CHAPTER VII**

**MISCELLANEOUS**

- 44. Amendment of Act 6 of 1898.

**THE FIRST SCHEDULE.**

**THE SECOND SCHEDULE.**

**THE THIRD SCHEDULE.**

**THE FOURTH SCHEDULE.**

**THE FINANCE ACT, 1968**

**No. 19 of 1968**

[11th May, 1968]

An act to give effect to the financial proposals of the Central Government for the financial year 1968-69.

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

**CHAPTER I**

**PRELIMINARY**

Short title and commencement.

1. (1) This Act may be called the Finance Act, 1968.
- (2) Save as otherwise provided in this Act, sections 2 to 33 shall be deemed to have come into force on the 1st day of April, 1968.

**CHAPTER II**

**RATES OF INCOME-TAX AND ANNUITY DEPOSIT**

Income-tax.

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1968, income-tax shall be charged at the rates specified in Part I of the First Schedule and, in the cases to which Paragraphs A, B, C and D of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge for purposes of the Union calculated in either case in the manner provided therein.

31 of 1956. (2) In making any assessment for the assessment year commencing on the 1st day of April, 1968, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the income-tax payable by it shall be the aggregate of the income-tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

43 of 1961. (3) In cases to which Chapter XII of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter, as the case may be.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance-tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule.

(6) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1968, has made the prescribed arrangements for the declaration and payment within India, of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "earned income" and "unearned income" shall have the meanings respectively assigned to them in clause (c) and clause (f) of sub-section (7) of section 2 of the Finance (No. 2) Act, 1967;

20 of 1967.

(d) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

*Explanation.*—For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(e) "tax free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(f) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

Annuity  
deposit.

3. (1) Save as otherwise provided in Chapter XXIIA of the Income-tax Act, annuity deposit for the assessment year commencing on the 1st day of April, 1968 shall be made by every person to whom the provisions of that Chapter apply, at the rate or rates specified in the Second Schedule.

(2) For the purposes of this section and the Second Schedule, the expressions "adjusted total income", "annuity deposit" and "depositor" have the meanings respectively assigned to them under clauses (1), (5) and (6) of section 280B of the Income-tax Act.

CHAPTER III

INCOME-TAX

4. In section 2 of the Income-tax Act, in sub-clause (i) of clause (37A), after the word "Salaries", the words, brackets, figures and letter "or sub-section (9) of section 80E from any payment referred to therein" shall be inserted.

Amendment of section 2.

5. After section 35A of the Income-tax Act, the following sections shall be inserted, namely:—

Insertion of new sections 35B and 35C.

35B. (1) (a) Where an assessee, being a domestic company or a person (other than a company) who is resident in India, has incurred after the 29th day of February, 1968, whether directly or in association with any other person, any expenditure (not being in the nature of capital expenditure or personal expenses of the assessee) referred to in clause (b), he shall, subject to the provisions of this section, be allowed a deduction of a sum equal to one and one-third times the amount of such expenditure incurred during the previous year.

Export markets development allowance.

(b) The expenditure referred to in clause (a) is that incurred wholly and exclusively on—

(i) advertisement or publicity outside India in respect of the goods, services or facilities which the assessee deals in or provides in the course of his business;

(ii) obtaining information regarding markets outside India for such goods, services or facilities;

(iii) distribution, supply or provision outside India of such goods, services or facilities;

(iv) maintenance outside India of a branch, office or agency for the promotion of the sale outside India of such goods, services or facilities;

(v) preparation and submission of tenders for the supply or provision outside India of such goods, services or facilities, and activities incidental thereto;

(vi) furnishing to a person outside India samples or technical information for the promotion of the sale of such goods, services or facilities;

(vii) travelling outside India for the promotion of the sale outside India of such goods, services or facilities, including travelling outward from, and return to, India;

(viii) performance of services outside India in connection with, or incidental to, the execution of any contract for the supply outside India of such goods, services or facilities;

(ix) such other activities for the promotion of the sale outside India of such goods, services or facilities as may be prescribed.

*Explanation.*—In this section, “domestic company” shall have the meaning assigned to it in clause (2) of section 80B.

(2) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

Agricultural development allowance

35C. (1) (a) Where any company is engaged in the manufacture or processing of any article or thing which is made from, or uses in such manufacture or processing as raw material, any product of agriculture, animal husbandry, or dairy or poultry farming, and has incurred, after the 29th day of February, 1968, whether directly or through an association or body which has been approved for the purposes of this section by the prescribed authority, any expenditure in the provision of any goods, services or facilities specified in clause (b) to a person [not being a person referred to in clause (b) of sub-section (2) of section 40A] who is a cultivator, grower or producer of such product in India, the company shall, subject to the provisions of this section, be allowed a deduction of a sum equal to one and one-fifth times the amount of such expenditure incurred during the previous year.

(b) The goods, services or facilities referred to in clause (a) are the following:—

(i) fertilisers, seeds, pesticides, concentrates for cattle and poultry feed, tools or implements, for use by such cultivator, grower or producer;

(ii) dissemination of information on, or demonstration of modern techniques or methods of agriculture, animal husbandry or dairy or poultry farming or advice on such techniques or methods;

(iii) such other goods, services or facilities as may be prescribed.

*Explanation.*—In computing the expenditure with reference to which deduction under this section is to be allowed, the amount, if any, received by the company in consideration of, or as compensation for, such goods, services or facilities shall be deducted.

(2) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure



of the nature specified in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

6. In section 37 of the Income-tax Act, after sub-section (2A), the following *Explanation* shall be inserted, namely:—

Amendment of section 37.

*Explanation.*—For the purposes of this sub-section, “entertainment expenditure” includes—

- (i) the amount of any allowance in the nature of entertainment allowance paid by the assessee to any employee or other person after the 29th day of February, 1968;
- (ii) the amount of any expenditure in the nature of entertainment expenditure [not being expenditure incurred out of an allowance of the nature referred to in clause (i)] incurred after the 29th day of February, 1968 for the purposes of the business or profession of the assessee by any employee or other person.

7. After section 40 of the Income-tax Act, the following section shall be inserted, namely:—

Insertion of new section 40A.

‘40A. (1) The provisions of this section shall have effect notwithstanding anything to the contrary contained in any other provision of this Act relating to the computation of income under the head “Profits and gains of business or profession”.

Expenses or payments not deductible in certain circumstances.

(2) (a) Where the assessee incurs any expenditure in respect of which payment has been or is to be made to any person referred to in clause (b) of this sub-section, and the Income-tax Officer is of opinion that such expenditure is excessive or unreasonable having regard to the fair market value of the goods, services or facilities for which the payment is made or the legitimate needs of the business or profession of the assessee or the benefit derived by or accruing to him therefrom, so much of the expenditure as is so considered by him to be excessive or unreasonable shall not be allowed as a deduction:

Provided that the provisions of this section shall not apply in the case of an assessee being a company in respect of any expenditure to which sub-clause (i) of clause (c) of section 40 applies.

(b) The persons referred to in clause (a) are the following, namely:—

- (i) where the assessee is any relative of the assessee; see is an individual

(ii) where the assessee is a company; firm, association of persons or Hindu undivided family any director of the company, partner of the firm, or member of the association or family, or any relative of such director, partner or member;

(iii) any individual who has a substantial interest in the business or profession of the assessee, or any relative of such individual;

(iv) a company, firm, association of persons or Hindu undivided family having a substantial interest in the business or profession of the assessee or any director, partner or member of such company, firm, association or family, or any relative of such director, partner or member;

(v) a company, firm, association of persons or Hindu undivided family of which a director, partner or member, as the case may be, has a substantial interest in the business or profession of the assessee or any director, partner or member of such company, firm, association or family or any relative of such director, partner or member;

(vi) any person who carries on a business or profession,—

(A) where the assessee being an individual, or any relative of such assessee, has a substantial interest in the business or profession of that person; or

(B) where the assessee being a company, firm, association of persons or Hindu undivided family, or any director of such company, partner of such firm or member of the association or family, or any relative of such director, partner or member, has a substantial interest in the business or profession of that person.

*Explanation.*—For the purposes of this sub-section, a person shall be deemed to have a substantial interest in a business or profession, if,—

(a) in a case where the business or profession is carried on by a company, such person is, at any time during the previous year, the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) carrying not less than twenty per cent. of the voting power; and

(b) in any other case, such person is, at any time during the previous year, beneficially entitled to not less than twenty per cent. of the profits of such business or profession.

(3) Where the assessee incurs any expenditure in respect of which payment is made, after such date (not being later than the 31st day of March, 1969) as may be specified in this behalf by the Central Government by notification in the Official Gazette, in a sum exceeding two thousand five hundred rupees otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft, such expenditure shall not be allowed as a deduction:

Provided that where an allowance has been made in the assessment for any year not being an assessment year commencing prior to the 1st day of April, 1969 in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year the assessee makes any payment in respect thereof in a sum exceeding two thousand five hundred rupees otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft, the allowance originally made shall be deemed to have been wrongly made and the Income-tax Officer may recompute the total income of the assessee for the previous year in which such liability was incurred and make the necessary amendment, and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the assessment year next following the previous year in which the payment was so made:

Provided further that no disallowance under this sub-section shall be made where any payment in a sum exceeding two thousand five hundred rupees is made otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft, in such cases and under such circumstances as may be prescribed, having regard to the nature and extent of banking facilities available, considerations of business expediency and other relevant factors.

8. Section 58 of the Income-tax Act shall be re-numbered as sub-section (1) thereof and after sub-section (1) as so re-numbered, the following sub-section shall be inserted, namely:— Amendment of section 58.

(2) The provisions of section 40A shall, so far as may be, apply in computing the income chargeable under the head "Income from other sources" as they apply in computing the income chargeable under the head "Profits and gains of business or profession".

9. In section 80K of the Income-tax Act, for the words "being the holder of any share or shares in a company, includes any income by way of dividends paid or deemed to have been paid to him", the Amendment of section 80K.

words "being the owner of any share or shares in a company, includes any income by way of dividends paid or deemed to have been paid" shall be substituted.

Amend-  
ment of  
section  
80M.

10. In section 80M of the Income-tax Act, in sub-section (1), the words "received by it", wherever they occur, shall be omitted.

Insertion  
of new  
section  
141 A.

Provisional  
assessment  
for refund.

11. After section 141 of the Income-tax Act, the following section shall be inserted, namely:—

"141A. (1) Where a return has been furnished under section 139 and the assessee claims that the tax paid or deemed to have been paid under the provisions of Chapter XVII-B or Chapter XVII-C exceeds the tax payable on the basis of the return and the accounts and documents accompanying it, the Income-tax Officer may, if he is of opinion that the regular assessment of the assessee is likely to be delayed, proceed to make, in a summary manner, a provisional assessment of the sum refundable to the assessee, on the basis of such return, accounts and documents.

(2) In making any assessment under this section due effect shall be given to—

(a) the allowance referred to in sub-section (2) of section 32; and

(b) any loss carried forward under sub-section (1) of section 72 or sub-section (2) of section 73 or sub-section (1) of section 74.

(3) A firm may be assessed under sub-section (1) as an unregistered firm, except in the following cases, where it shall be assessed as a registered firm—

(a) where the firm was assessed as a registered firm for the latest assessment year for which its assessment has been completed, and it has before the expiry of the period laid down in Chapter XVI-B filed its application for registration or declaration under sub-section (7) of section 184 for the assessment year for which the provisional assessment is to be made;

(b) where no regular assessment has been made on the firm for any assessment year preceding the assessment year for which the provisional assessment is to be made, and the firm has, before the expiry of the period laid down in Chapter XVI-B filed its application for registration, or declaration as aforesaid, for the assessment year for which the provisional assessment is to be made.

(4) After a regular assessment has been made, any amount refunded on provisional assessment made under sub-section (1) shall be dealt with in the manner specified hereunder, namely:—

(a) where the sum refundable on regular assessment is equal to or exceeds the amount refunded under sub-section (1), the amount so refunded shall be deemed to have been refunded towards the regular assessment;

(b) where no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be deemed to be tax payable by the assessee and the provisions of this Act shall apply accordingly.

(5) Nothing done or suffered by reason or in consequence of any provisional assessment made under this section shall prejudice the determination, on the merits, of any issue which may arise in the course of the regular assessment.

(6) There shall be no right of appeal against a provisional assessment made under sub-section (1).”.

12. In section 153 of the Income-tax Act, in sub-section (1), for clause (a), the following clause shall be substituted, namely:— Amendment of section 153.

“(a) the expiry of—

(i) four years from the end of the assessment year in which the income was first assessable, where such assessment year is an assessment year commencing on or before the 1st day of April, 1967;

(ii) three years from the end of the assessment year in which the income was first assessable, where such assessment year is the assessment year commencing on the 1st day of April, 1968;

(iii) two years from the end of the assessment year in which the income was first assessable, where such assessment year is an assessment year commencing on or after the 1st day of April, 1969; or”.

13. In section 192 of the Income-tax Act, in sub-section (1), for the words “rates of tax in force”, the words “rates in force” shall be substituted. Amendment of section 192.

14. In section 194A of the Income-tax Act,—

(a) in sub-section (2), for the words “be signed in the presence of a Gazetted Officer of the Central or a State Government and bear an attestation by such Officer to the effect that the

Amendment of section 194A.

person who has signed the statement is known to him.", the following shall be substituted, namely:—

"be signed in the presence of—

(a) a Member of Parliament or a State Legislature;  
or

(b) a member of a District Council or a Metropolitan Council, a Municipal Corporation or Municipal Committee; or

(c) a Gazetted Officer of the Central or a State Government; or

(d) an officer of any banking company (including a co-operative bank) of the rank of sub-agent, agent or manager,

and bear an attestation by such member or officer to the effect that the person who has signed the statement is known to him.;"

(b) in sub-section (3),—

(i) in sub-clause (f) of clause (iii), after the words "institution, association or body", the words "or class of institutions, associations or bodies" shall be inserted;

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

"(iv) to such income credited or paid by a firm to a partner of the firm;

(v) to such income credited or paid by a co-operative society to any other co-operative society."

Amend-  
ment of  
section 199.

15. In section 199 of the Income-tax Act,—

(a) after the words "in the assessment", the brackets, words, figures and letter "(including a provisional assessment under section 141A)" shall be inserted;

(b) for the existing provisos, the following provisos shall be, and shall be deemed always to have been, substituted, namely:—

"Provided that—

(i) in a case where such person or owner or shareholder is a person whose income is included under the provisions of section 60, section 61, section 64, section 93 or section 94 in the total income of another person, the payment shall be deemed to have been made on behalf of, and the credit shall be given to, such other person;

(ii) in any other case, where the dividend on any share is assessable as the income of a person other than the shareholder, the payment shall be deemed to have been made on behalf of, and the credit shall be given to, such other person in such circumstances as may be prescribed:

Provided further that where any security or share in a company is owned jointly by two or more persons not constituting a partnership, the payment shall be deemed to have been made on behalf of, and the credit shall be given to, each such person in the same proportion in which the interest on such security or dividend on such share is assessable as his income."

16. In section 214 of the Income-tax Act,—

Amendment of Section 214.

(i) to sub-section (1), the following proviso shall be added, namely:—

"Provided that in respect of any amount refunded on a provisional assessment under section 141A, no interest shall be paid for any period after the date of such provisional assessment.";

(ii) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Where on completion of the regular assessment the amount on which interest was paid under sub-section (1) has been reduced, the interest shall be reduced accordingly and the excess, if any, paid shall be deemed to be tax payable by the assessee and the provisions of this Act shall apply accordingly."

17. To section 219 of the Income-tax Act, the following proviso shall be added, namely:—

Amendment of section 219.

"Provided that where, before the completion of the regular assessment, a provisional assessment is made under section 141A, the credit shall be given also in such provisional assessment."

18. In section 239 of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely:—

Amendment of section 239.

"(2) No such claim shall be allowed, unless it is made within the period specified hereunder, namely:—

(a) where the claim is in respect of income which is assessable for any assessment year commencing on or before the 1st day of April, 1967, four years from the last day of such assessment year;

(b) where the claim is in respect of income which is assessable for the assessment year commencing on the 1st day of April, 1968, three years from the last day of the assessment year;

(c) where the claim is in respect of income which is assessable for any other assessment year, two years from the last day of such assessment year.”

Amend-  
ment of  
Section  
271.

19. In section 271 of the Income-tax Act, in sub-section (1), for clause (iii), the following clause shall be substituted, namely:—

“(iii) in the cases referred to in clause (c), in addition to any tax payable by him, a sum which shall not be less than, but which shall not exceed twice, the amount of the income in respect of which the particulars have been concealed or inaccurate particulars have been furnished.”

Amend-  
ment of  
section 276.

20. In section 276 of the Income-tax Act, in clause (d), the words, figures and letter “by the provisions of Chapter XVII-B or” shall be omitted.

Insertion  
of new  
section  
276B.

Failure  
to deduct  
and pay  
tax.

21. After section 276A of the Income-tax Act, the following section shall be inserted, namely:—

“276B. If a person, without reasonable cause or excuse, fails to deduct or after deducting fails to pay the tax as required by or under the provisions of sub-section (9) of section 80E or Chapter XVII-B, he shall be punishable with rigorous imprisonment for a term which may extend to six months, and shall also be liable to fine which shall be not less than a sum calculated at the rate of fifteen per cent. per annum on the amount of such tax from the date on which such tax was deductible to the date on which such tax is actually paid.”

Amend-  
ment of  
section 279.

22. In section 279 of the Income-tax Act, in sub-section (1), after the word, figures and letter “section 276A”, the words, figures and letter “or section 276B” shall be inserted.

Amend-  
ment of  
section  
280C.

23. In section 280C of the Income-tax Act,—

(a) in sub-section (1), for the words “Where any Central Act enacts”, the words, figures and letters “Where, in relation to any assessment year, not being an assessment year commencing on or after the 1st day of April, 1969, any Central Act enacts” shall be substituted;

(b) in clause (ii) of sub-section (2), after the words “or any subsequent assessment year”, the words, figures and letters “not being an assessment year commencing on or after the 1st day of April, 1969” shall be inserted.



24. In section 280 O of the Income-tax Act, in the proviso to sub-section (1), after the words "or any subsequent assessment year", the brackets, words, figures and letters "(not being an assessment year commencing on or after the 1st day of April, 1969)" shall be inserted. Amendment of section 280 O.

25. In section 280X of the Income-tax Act, in sub-section (1), after the words "or any subsequent assessment year", the brackets, words, figures and letters "(not being an assessment year commencing on or after the 1st day of April, 1969)" shall be inserted. Amendment of section 280X.

26. In section 280Z of the Income-tax Act, for sub-section (6), the following sub-section shall be substituted, namely:— Amendment of section 280Z.

"(6) The amount shown on a tax credit certificate granted to an individual or Hindu undivided family shall, on the certificate being produced before the Income-tax Officer, be adjusted against any liability of such individual or Hindu undivided family under the Indian Income-tax Act, 1922, or this Act, existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed, on the said date, to be refund due to such individual or Hindu undivided family, as the case may be, under that Chapter and the provisions of this Act shall apply accordingly."

11 of 1922.

27. In section 280ZA of the Income-tax Act, for sub-section (3), the following sub-section shall be substituted, namely:— Amendment of section 280ZA.

"(3) The amount shown on a tax credit certificate granted to a public company under this section shall, on the certificate being produced before the Income-tax Officer, be adjusted against any liability of the company under the Indian Income-tax Act, 1922, or this Act, existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed, on the said date, to be refund due to such company under that Chapter and the provisions of this Act shall apply accordingly."

11 of 1922.

28. In section 280ZB of the Income-tax Act, in sub-section (2), for the portion beginning with the words "The amount shown on a tax credit certificate" and ending with the words "shall apply accordingly:", the following shall be substituted, namely:— Amendment of section 280ZB.

"The amount shown on a tax credit certificate granted to any company under this section shall, on the certificate being

produced before the Income-tax Officer, be adjusted against any liability of the company under the Indian Income-tax Act, 1922, or this Act, existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed, on the said date, to be refund due to such company under that Chapter and the provisions of this Act shall apply accordingly:”.

11 of 1922.

Amendment of section 280ZD.

29. In section 280ZD of the Income-tax Act, in sub-section (5), for the portion beginning with the words “The amount shown on a tax credit certificate” and ending with the words “shall apply accordingly:”, the following shall be substituted, namely:—

“The amount shown on a tax credit certificate granted to any person under this section shall, on the certificate being produced before the Income-tax Officer, be adjusted against any liability of that person under the Indian Income-tax Act, 1922, or this Act, existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed, on the said date, to be refund due to such person under that Chapter and the provisions of this Act shall apply accordingly:”.

11 of 1922

Certain additional amendments to the Income-tax Act.

30. The amendments directed in the Third Schedule shall be made in the Income-tax Act with effect from the 1st day of April, 1969, except the amendments in items 3 and 23 of the said Schedule relating, respectively, to sections 16 and 139 of the said Act, which shall be deemed to have come into effect on the 1st day of April, 1968.

Special provisions in regard to certain assessments under the Income-tax Act.

31. (1) Notwithstanding the omission of section 85 of the Income-tax Act by section 33 of the Finance (No. 2) Act, 1967, the provisions of the said section 85 shall have, and be deemed always to have, in relation to any assessment for the assessment year commencing on or after the 1st day of April, 1962, and before the 1st day of April, 1968, effect subject to the modification that for the words “by a shareholder in respect of so much of any dividend paid or deemed to be paid to him”, the words “by an owner of the shares in respect of so much of any dividend paid or deemed to be paid” were substituted.

20 of 1967.

20 of 1967. (2) Notwithstanding the omission of section 85A of the Income-tax Act by section 33 of the Finance (No. 2) Act, 1967, the provisions of the said section 85A shall have, and be deemed always to have, in relation to any assessment for the assessment year commencing on or after the 1st day of April, 1965, and before the 1st day of April, 1968, effect subject to the modification that the words "received by it", wherever they occur, were omitted.

10 of 1965. (3) Notwithstanding the omission of section 99 of the Income-tax Act by section 29 of the Finance Act, 1965, the provisions of clause (iv) of sub-section (1) of the said section 99 shall have, and be deemed always to have, in relation to any assessment for the assessment year commencing on or after the 1st day of April, 1962, and before the 1st day of April, 1965, effect subject to the modification that the words "received by it" were omitted.

#### CHAPTER IV

##### OTHER DIRECT TAXES

32. In the Wealth-tax Act, 1957,—

(a) in section 5,—

(i) in sub-section (1),—

(1) after clause (xiv), the following clause shall be inserted with effect from the 1st day of April, 1969, namely:—

"(xv) fixed deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette, to the extent to which the amounts of such deposits do not exceed the maximum amount permitted to be deposited therein;"

(2) in clause (xvi), the words "held by the assessee" shall be omitted with effect from the 1st day of April, 1969;

(3) after clause (xvii), the following clause shall be inserted with effect from the 1st day of April, 1969, namely:—

"(xvii-a) the amount standing to the credit of an individual in any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;"

(ii) in sub-section (2), after the words "not specified in", the words, brackets and figures "clause (xv) or" shall be inserted with effect from the 1st day of April, 1969;

Amendment  
of Act 27  
of 1957.

(b) in section 18, in sub-section (1),—

(i) for clause (iii), the following clause shall be substituted, namely:—

“(iii) in the cases referred to in clause (c), in addition to any wealth-tax payable by him, a sum which shall not be less than, but which shall not exceed twice, the amount representing the value of any assets in respect of which the particulars have been concealed or any assets or debts in respect of which inaccurate particulars have been furnished.”;

(ii) for the existing *Explanation*, the following *Explanations* shall be substituted, namely:—

*Explanation 1.*— Where,—

(i) the value of any asset returned by any person is less than seventy-five per cent. of the value of such asset as determined in an assessment under section 16 or section 17 (the value so assessed being referred to hereafter in this *Explanation* as the correct value of the asset), or

(ii) the value of any debt returned by any person exceeds the value of such debt as determined in an assessment under section 16 or section 17 by more than twenty-five per cent. of the value so assessed (the value so assessed being referred to hereafter in this *Explanation* as the correct value of the debt), or

(iii) the net wealth returned by any person is less than seventy-five per cent. of the net wealth as assessed under section 16 or section 17 (the net wealth so assessed being referred to hereafter in this *Explanation* as the correct net wealth),

then, such person shall, unless he proves that the failure to return the correct value of the asset or, as the case may be, the correct value of the debt or the correct net wealth did not arise from any fraud or any gross or wilful neglect on his part, be deemed to have concealed the particulars of assets or furnished inaccurate particulars of assets or debts for the purposes of clause (c) of this sub-section.

*Explanation 2.*—For the purposes of clause (iii),—

(a) the amount representing the value of any assets in respect of which the particulars have been

concealed or any assets in respect of which inaccurate particulars have been furnished, shall be the value of such assets determined for the purposes of this Act as reduced by the value thereof, if any, declared in the return made under section 14 or section 15;

(b) the amount representing the value of any debts in respect of which inaccurate particulars have been furnished, shall be the amount by which the value of such debts declared in the return made under section 14 or section 15 exceeds the value thereof determined for the purposes of this Act.”;

(c) in the Schedule, in Paragraph A of Part I, for clauses (a) and (b), the following clauses shall be substituted, with effect from the 1st day of April, 1969, namely:—

*Rate of tax*

“(a) In the case of every individual :—

- |   |  |
|---|--|
| (i) where the net wealth does not exceed Rs. 1,00,000                             | Nil.   |
| (ii) where the net wealth exceeds Rs. 1,00,000 but does not exceed Rs. 5,00,000   | 0.5 per cent of the amount by which the net wealth exceeds Rs. 1,00,000;                   |
| (iii) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 2,000 plus 1 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;     |
| (iv) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 20,00,000 | Rs. 7,000 plus 2.5 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000 ; |
| (v) where the net wealth exceeds Rs. 20,00,000                                    | Rs. 32,000 plus 3 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000.   |

(b) In the case of every Hindu undivided family:—

- |   |  |
|---|--|
| (i) where the net wealth does not exceed Rs. 2,00,000                             | Nil ;  |
| (ii) where the net wealth exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000   | 0.5 per cent. of the amount by which the net wealth exceeds Rs. 2,00,000;              |
| (iii) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 1,500 plus 1 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000; |

- (iv) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 20,00,000 Rs. 6,500 plus 2.5 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000;
- (v) where the net wealth exceeds Rs. 20,00,000 Rs. 31,500 plus 3 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000."

Amend-  
ment of  
Act 7 of  
1964.

33. In the Companies (Profits) Surtax Act, 1964, in the Third Schedule,—

(a) the figure "1", occurring before the words "On the amount by which" shall be omitted;

(b) for the figures and words "35 per cent.", the figures and words "25 per cent." shall be substituted with effect from the 1st day of April, 1969.

## CHAPTER V

### INDIRECT TAXES

Amend-  
ment of  
Act 32 of  
1934.

34. The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act) shall be amended in the manner specified in the Fourth Schedule.

Special  
duties of  
customs.

35. (1) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Tariff Act, or in that Schedule as amended by a subsequent Central Act, if any, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a special duty of customs equal to 10 per cent. of such amount:

Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 36 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act. 10 of 1

Regulatory  
duties of  
customs.

36. (1) With a view to regulating or bringing greater economy in imports, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Tariff

Act or in that Schedule as amended by a subsequent Central Act, if any, a regulatory duty of customs not exceeding—

(a) 25 per cent. of the rate, if any, specified in the said First Schedule read with any notification issued under section 3A, or sub-section (1) of section 4, of the Tariff Act; or

(b) 10 per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962,

whichever is higher:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The regulatory duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962.

(4) The provisions of the Customs Act, 1962 and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

37. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1968", the figures "1969", shall be substituted.

Amend-  
ment of  
Act 1 of  
1949.

38. In the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act),—

Amend-  
ment of  
Act 1 of  
1944.

(1) in section 37, after sub-section (3), the following sub-section shall be inserted, namely:—

"(4) Notwithstanding anything contained in sub-section (3), and without prejudice to the provisions of section 9, in making rules under this section, the Central Government

may provide that if any manufacturer, producer or licensee of a warehouse—

(a) removes any excisable goods in contravention of the provisions of any such rule, or

(b) does not account for all such goods manufactured, produced or stored by him, or

(c) engages in the manufacture, production or storage of such goods without having applied for the licence required under section 6, or

(d) contravenes the provisions of any such rule with intent to evade payment of duty,

then—

(i) any land, building, plant, machinery, materials, conveyance, animal or any other thing used in connection with the manufacture, production, storage, removal or disposal of such goods, and

(ii) all excisable goods on such land or in such building or produced or manufactured with such plant, machinery, materials or thing,

belonging to such manufacturer, producer or licensee shall be liable to confiscation and the manufacturer, producer or licensee shall be liable to a penalty not exceeding three times the value of the excisable goods in respect of which any contravention of the nature referred to in clause (a), (b), (c) or (d) has been committed, or five thousand rupees, whichever is greater.”;

(2) in the First Schedule,—

(a) after Item No. 1, the following Item shall be inserted, namely:—

“1A. CONFECTIONERY AND CHOCOLATES IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER, NAMELY :— Eighty paise per kilogram.”;

- (1) Boiled sweets, toffees, caramels, candies, nuts (including almonds) and fruit kernels coated with sweetening agent, and chewing gums,
- (2) Chocolates in the form of slabs, tablets, bars, pastilles or croquettes, whether or not containing nuts, fruit kernels or fruits.



(b) in Item No. 4, under "I.—Unmanufactured tobacco—",—

(i) for the entries in the third column against sub-items (1), (2), (3), (4), (5), (6) and (8), the entries "Three rupees and fifty paise.", "Twenty-seven rupees and fifty paise.", "Two rupees and fifty paise.", "Two rupees and eighty-five paise.", "One rupee and seventy-five paise.", "Two rupees and fifty paise." and "Twenty-five paise." shall, respectively, be substituted;

(ii) the *Explanation* in the second column below sub-item (5) shall be omitted;

(c) in Item No. 9, for the entry in the third column, the entry "One hundred and sixty-eight rupees and twenty-five paise per kilolitre at fifteen degrees of Centigrade thermometer." shall be substituted;

(d) in Item No. 10, for the entry in the third column, the entry "Seventy-five rupees and forty-five paise per kilolitre at fifteen degrees of Centigrade thermometer." shall be substituted;

(e) in Item No. 22A, for the entries in the third column against sub-items (i) and (ii), the entries "Four hundred and fifty rupees per metric tonne." and "Two hundred and fifty rupees per metric tonne." shall, respectively, be substituted;

(f) after Item No. 22A, the following Items shall be inserted, namely:—

"22B. TEXTILE FABRICS IMPREGNATED OR COATED WITH PREPARATIONS OF CELLULOSE DERIVATIVES OR OF OTHER ARTIFICIAL PLASTIC MATERIALS. Twenty-five per cent. *ad valorem*."

22C. EMBROIDERY, IN THE PIECE, IN STRIPS OR IN MOTIFS, IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER. Twenty per cent. *ad valorem*."

(g) in Item No. 29A, for the entries in the third column against sub-items (1), (2) and (3), the entries "Thirty per cent. *ad valorem*.", "Thirty per cent. *ad valorem*." and "Forty per cent. *ad valorem*" shall, respectively, be substituted;

(h) after Item No. 33A, the following Item shall be inserted, namely:—

“33AA. PARTS OF WIRELESS RECEIVING SETS (INCLUDING PARTS OF TRANSISTOR SETS AND RADIOGRAMS), NAMELY, ELECTRONIC VALVES AND TUBES, TRANSISTORS AND SEMI-CONDUCTOR DIODES. Five rupees each.”;

(i) in Item No. 37A, in the entry in the second column, for the words “AND PARTS AND ACCESSORIES THEREOF”, the words “AND PARTS AND ACCESSORIES THEREOF NOT ELSEWHERE SPECIFIED” shall be substituted;

(j) after Item No. 39, the following Items shall be inserted, namely:—

“40. STEEL FURNITURE MADE PARTLY OR WHOLLY OF STEEL, IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER, WHETHER IN ASSEMBLED OR UNASSEMBLED CONDITION. Twenty per cent. *ad valorem*.”

41. CROWN CORKS WITH OR WITHOUT WASHERS OR OTHER FITTINGS OF CORK, RUBBER, POLYETHYLENE OR ANY OTHER MATERIAL. One paisa each.”

Special duties of excise on certain goods.

39. (1) When goods of the description mentioned in this section chargeable with a duty of excise under the Central Excises Act (as amended by this Act or any subsequent Central Act) read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, are assessed to duty, there shall be levied and collected—

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 22A, 23A except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of the First Schedule to the Central Excises Act, a special duty of excise equal to 10 per cent. of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items I, II(2) and II(3) of Item No. 4, Items Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21, 22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1), (3a) and (4) of item No. 34 and Item No. 37 of that Schedule, a special duty of excise equal to 20 per cent. of the total amount so chargeable on such goods; and

(c) as respects goods comprised in Items Nos. 4 II(1), 18, 18A(1), 18B, 20, 29A, 33A, sub-items (2) and (3) of Item No. 34 and radiograms comprised in Item No. 37A of that Schedule, a special duty of excise equal to 33 1/3 per cent. of the total amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excise Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of duties of excise on such goods under that Act or those rules.

40. (1) With a view to regulating or bringing greater economy in consumption, there shall be levied and collected, with effect from such date, and at such rate as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Central Excises Act as amended by this Act or any subsequent Central Act, a regulatory duty of excise which shall not exceed 15 per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act:

regulatory  
Duties of  
excise

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties

shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

Amendment of Act 27 of 1958.

41. In section 3 of the Mineral Products (Additional Duties of Excise and Customs) Act, 1958, in sub-section (1), in the Table,—

(a) for item 1 and the entries relating to it, the following shall be substituted, namely:—

“1. Motor Spirit . . . . . Two hundred rupees per kilolitre at fifteen degrees of Centigrade thermometer.”;

(b) for items 3, 4 and 5 and the entries relating thereto, the following shall be substituted, namely:—

“3. Refined diesel oils and vaporizing oil. . . . . Four hundred rupees per kilolitre at fifteen degrees of Centigrade thermometer.”

4. Diesel oil, not otherwise specified . . . . . One hundred and twenty-nine rupees and forty-five paise per kilolitre at fifteen degrees of Centigrade thermometer.

5. Furnace oil. . . . . Fifty-six rupees and sixty paise per kilolitre at fifteen degrees of Centigrade thermometer.”

(c) for item 7 and the entries relating to it, the following shall be substituted, namely:—

“7. All products as described in item Nos. IIA of the First Schedule to the Central Excises and Salt Act, 1944. . . . . Five hundred rupees per metric tonne.”

Discontinuance of salt duty.

42. For the year beginning on the 1st day of April, 1968, no duty under the Central Excises Act, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India. 1 of 1944

#### CHAPTER VI CENTRAL SALES TAX ACT

Amendment of Act 74 of 1956.

43. In the Central Sales Tax Act, 1956, in section 14, item (xi) shall be omitted.

## CHAPTER VII

## MISCELLANEOUS

44. For the first Schedule to the Indian Post Office Act, 1898, the following Schedule shall be substituted, namely:—

Amend-  
ment of  
Act 6 of  
1898.

## "THE FIRST SCHEDULE

(See section 7)

## INLAND POSTAGE RATES

*Letters*

For a weight not exceeding fifteen grams 20 paise

For every fifteen grams, or fraction thereof,  
exceeding fifteen grams 15 paise

*Letter-cards*

For a letter-card 15 paise

*Post cards*

Single 10 paise

Reply 20 paise

*Book, Pattern and Sample packets*

For the first fifty grams or fraction thereof 15 paise

For every additional twenty-five grams, or  
fraction thereof, in excess of fifty grams 10 paise

*Registered Newspapers*

For a weight not exceeding one hundred grams 5 paise

For a weight exceeding one hundred grams  
and not exceeding two hundred and fifty  
grams 10 paise

For every two hundred and fifty grams, or  
fraction thereof, exceeding two hundred  
and fifty grams 5 paise

In the case of more than one copy of the same  
issue of a registered newspaper being  
carried in the same packet—

for a weight not exceeding one hundred grams 5 paise

for every additional one hundred and fifty grams, or fraction thereof, in excess of one hundred grams

5 paise:

Provided that such packet shall not be delivered at any address-see's residence but shall be given to a recognised agent at the Post Office.

### Parcels

For a weight not exceeding four hundred grams 80 paise

For every four hundred grams, or fraction thereof, exceeding four hundred grams 80 paise."

## THE FIRST SCHEDULE

(See section 2)

### PART I

#### INCOME-TAX AND SURCHARGES ON INCOME-TAX

##### Paragraph A

In the case of every individual or Hindu undivided family or un-registered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

##### Rates of income-tax

- (1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income;
- (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
- (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000. Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
- (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 Rs. 2,500 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;

- (6) where the total income exceeds Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000
- (7) where the total income exceeds Rs. 6,000 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000
- (8) where the total income exceeds Rs. 16,000 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000
- (9) where the total income exceeds Rs. 28,000 plus 65 per cent. of the amount by which the total income exceeds Rs. 70,000

Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident—

(i) no income-tax shall be payable on a total income not exceeding the following limit, namely:—

(a) Rs. 7,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following two conditions, namely:—

(1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(b) Rs. 4,000 in every other case;

(ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:—

(a) Rs. 145 . . . . . in the case of an unmarried individual;

(b) Rs. 220 . . . . . in the case of a married individual who has no child mainly dependent on him;

(c) Rs. 240 . . . . . in the case of a married individual who has one child mainly dependent on him;

(d) Rs. 260 . . . . . in the case of a married individual who has more than one child mainly dependent on him;

(iii). where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:—

(a) Rs. 125 . . . . . in the case of an unmarried individual;

(b) Rs. 200 . . . . . in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener;

(c) Rs. 220 . . . . . in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family;

(d) Rs. 240 . . . . . in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family;

(iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000, and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grandparents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of—

(1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000, and

(2) 40 per cent. of the amount by which the total income of the individual exceeds Rs. 10,000;

(B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed 40 per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of this proviso.



*Explanation.*—For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso, a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year relevant to the assessment year exceeds one thousand rupees.

*Surcharges on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(a) where—

52 of 1963.

(i) in the case of an individual or a Hindu undivided family, the amount of unearned income, not being income by way of interest on any security of the Central or State Government or income received in respect of units from the Unit Trust of India, established under the Unit Trust of India Act, 1963, included in the total income, or

(ii) in any other case, the amount of unearned income included in the total income,

exceeds Rs. 30,000,

a surcharge calculated on the difference between the amount of income-tax computed in respect of the income referred to in sub-clause (i) or, as the case may be, sub-clause (ii), if such income had been the total income and the amount of income-tax computed in respect of an income of Rs. 30,000 if it had been the total income, at the following rate, namely:—

(1) where the amount of the difference does not exceed Rs. 10,000 20 per cent. of the amount of such difference;

(2) where the amount of the difference exceeds Rs. 10,000 Rs. 2,000 plus 25 per cent. of the amount by which the difference aforesaid exceeds Rs. 10,000;

(b) where—

52 of 1963.

(i) in the case of an individual or a Hindu undivided family, the earned income and income by way of interest on any security of the Central or State Government and income received in respect of units from the Unit Trust of India, established under the Unit Trust of India Act, 1963, included in the total income, or

(ii) in any other case, the earned income included in the total income,

exceeds Rs. 1 lakh,

a surcharge calculated on the amount of the difference between the income-tax computed in respect of the income referred to in sub-clause (i) or, as the case may be, sub-clause (ii), if such income had been the total income and the income-tax computed in respect of a total income of Rs. 1 lakh, at the following rate, namely:—

- |  |   |
|--|---|
| (1) where the amount of the difference does not exceed Rs. 65,000                          | 5 per cent. of the amount of such difference ;  |
| (2) where the amount of the difference exceeds Rs. 65,000 but does not exceed Rs. 1,30,000 | Rs. 3,250 plus 10 per cent. of the amount by which the difference aforesaid exceeds Rs. 65,000;       |
| (3) where the amount of the difference exceeds Rs. 1,30,000                                | Rs. 9,750 plus 15 per cent. of the amount by which the difference aforesaid exceeds Rs. 1,30,000, and |

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(i) the amount of income-tax computed in accordance with the preceding provisions of this Paragraph; and

(ii) the aggregate of the amounts of the surcharges calculated in accordance with clause (a) and clause (b) of this sub-paragraph.

#### Paragraph B

In the case of every co-operative society,—

#### Rates of income-tax

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 5,000                         | 5 per cent. of the total income;  |
| (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000  | Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;    |
| (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 | Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;   |
| (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000; |
| (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 2,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 20,000; |
| (6) where the total income exceeds Rs. 25,000                                | Rs. 3,750 plus 41 per cent. of the amount by which the total income exceeds Rs. 25,000; |

Provided that—

(i) no income-tax shall be payable on a total income not exceeding Rs. 4,000; and

(ii) where the total income is twenty thousand rupees or less, the income-tax payable shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 4,000.

*Surcharges on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(a) where the total income exceeds Rs. 25,000, a surcharge calculated at the rate of  $6\frac{1}{4}$  per cent. of the amount of the difference between the income-tax computed at the rate hereinbefore specified and the income-tax computed in respect of a total income of Rs. 25,000; and

(b) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a) of this sub-paragraph.

*Paragraph C*

In the case of every registered firm,—

*Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 25,000                          | Nil ;   |
| (2) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000   | 6 per cent. of the amount by which the total income exceeds Rs. 25,000 ;                  |
| (3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 1,500 plus 8 per cent. of the amount by which the total income exceeds Rs. 50,000 ;   |
| (4) where the total income exceeds Rs. 1,00,000                                | Rs. 5,500 plus 12 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

*Surcharges on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the

Income so included is not less than fifty one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub-paragraph.

#### Paragraph D

In the case of every local authority,—

##### Rate of income-tax

On the whole of the total income      45 per cent.

##### Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(a) a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(b) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a) of this sub-paragraph.

#### Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

##### Rates of Income-tax

(i) on that part of its total income 52.5 per cent ;  
which consists of profits and

- gains from life insurance business
- (ii) on the balance, if any, of the total income the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested,

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956.

Rates of income-tax

I. In the case of a domestic company—

(A)(1) where the company is a company in which the public are substantially interested,—

- (i) in a case where the total income does not exceed Rs. 50,000 45 per cent. of the total income;
- (ii) in a case where the total income exceeds Rs. 50,000 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested,—

- (i) in the case of an industrial company—
- (1) on so much of the total income as does not exceed Rs. 10,00,000 55 per cent.;
- (2) on the balance, if any, of the total income 60 per cent.;
- (ii) in any other case 65 per cent. of the total income; and

(B) in addition, where the company is—

- (i) a company in which the public are substantially interested, or
- (ii) a company as is referred to in clause (iii) of sub-section (2) or clause (a) or clause (b) of sub-section (4) of section 104 of the Income-tax Act, or

(iii) such a company as is exempt from the operation of section 104 of the said Act by a notification issued under the provisions of sub-section (3) of that section,

on so much of the total income as does not exceed the relevant amount of distributions of dividends by the company 7·5 per cent.:

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) 80 per cent. of the amount by which its total income exceeds Rs. 50,000.

*Explanation 1.*—In clause (B), the expression “the relevant amount of distributions of dividends” means the aggregate of the following amounts, namely:—

(a) the amount, if any, by which the “relevant amount of distributions of dividends” by the company as computed in accordance with *Explanation 1* to item I of Paragraph F of Part I of the First Schedule to the Finance (No. 2) Act, 1967 exceeds its total income (reduced by the amount of capital gains, if any, relating to capital assets other than short-term capital assets included therein) assessable for the assessment year commencing on the 1st day of April, 1967; and

(b) so much of the amount of the dividends, other than dividends on preference shares, declared or distributed by the company during the previous year as exceeds ten per cent. of its paid-up equity share capital as on the 1st day of the previous year.

*Explanation 2.*—For the purposes of clause (B), where a part of the income of a company is not included in its total income because it is agricultural income, the amount declared or distributed as dividends (other than dividends on preference shares) shall be

deemed to be such proportion thereof as the sum specified in clause (a) bears to the sum specified in clause (b), such sums being—

(a) the average amount of the total income of the company of the five previous years in which it has been in receipt of taxable income immediately preceding the relevant previous year; and

(b) the average amount of the total profits and gains (excluding capital receipts) of the company of the five previous years referred to in clause (a) reduced by such allowances as may be admissible under the Income-tax Act but which have not been taken into account by the company in its profit and loss accounts for the said five previous years.

*Explanation 3.*—For the removal of doubts, it is hereby declared that where any dividends were declared by the company before the commencement of the previous year and are distributed by it during that year, the amount of such dividends shall not be included in the amount of dividends referred to in clause (b) of *Explanation 1*.

## II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

and where such agreement has, in either case, been approved by the Central Government 50 per cent. ;

(ii) on the balance, if any, of the total income. 70 per cent.

## PART II

### *Rates for deduction of tax at source in certain cases*

In every case in which under the provisions of sections 193, 194, 194A and 195 of the Income-tax Act, tax is to be deducted at the

rates in force, deduction shall be made from the income subject to deduction, at the following rates:—

	Income-tax	
	Rate of income-tax	Rate of surcharge
<b>1. In the case of a person other than a company—</b>		
<b>(a) where the person is resident—</b>		
(i) on income by way of interest other than "Interest on securities"	10 per cent.	Nil
(ii) on any other income (excluding interest payable on a tax free security)	20 per cent.	2 per cent.
<b>(b) where the person is not resident in India—</b>		
(i) on the whole income (excluding interest payable on a tax free security)	Income-tax at 30 per cent. and surcharge at 3 per cent. of the amount of the income	
	<i>or</i>	
	income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Paragraph A of Part III of this Schedule, if such income had been the total income,	
	whichever is higher ;	
(ii) on the income by way of interest payable on a tax free security	15 per cent.	1.5 per cent.
<b>2. In the case of a company—</b>		
<b>(a) where the company is a domestic company—</b>		
(i) on income by way of interest other than "Interest on securities"	20 per cent.	Nil



	Income-tax	
	Rate of income-tax	Rate of surcharge
(ii) on any other income (excluding interest payable on a tax free security)	22 per cent.	Nil
(b) where the company is not a domestic company—		
(i) on the income by way of dividends payable by an Indian company as is referred to in clause (a) (i) of sub-section (1) of section 80M of the Income-tax Act	14 per cent.	Nil
(ii) on the income by way of dividends payable by any domestic company other than a company referred to in (i) hereinabove	24.5 per cent.	Nil
(iii) on the income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, and which has been approved by the Central Government	30 per cent.	Nil
(iv) on the income by way of fees payable by an Indian concern for rendering technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government	50 per cent.	Nil
(v) on the income by way of interest payable on a tax free security	44 per cent.	Nil
(vi) on any other income	70 per cent.	Nil

## PART III

*Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".*

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax, or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the following rate or rates:—

## Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

## Rates of Income-tax

- (1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income;
- (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
- (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
- (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 Rs. 2,500 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;

- (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
- (7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000 Rs. 6,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
- (8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000 Rs. 16,000 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 50,000;
- (9) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000 Rs. 28,000 *plus* 65 per cent. of the amount by which the total income exceeds Rs. 70,000 ;
- (10) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,50,000 Rs. 47,500 *plus* 70 per cent. of the amount by which the total income exceeds Rs. 1,00,000;
- (11) where the total income exceeds Rs. 2,50,000 Rs. 1,52,500 *plus* 75 per cent. of the amount by which the total income exceeds Rs. 2,50,000:

Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident—

(i) no income-tax shall be payable on a total income not exceeding the following limit, namely:—

(a) Rs. 7,000 in the case of every Hindu undivided family which at any time during the previous year relevant to the assessment year commencing on the 1st day of April, 1969 satisfies either of the following two conditions, namely:—

(1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(b) Rs. 4,000 in every other case;

(ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year relevant to the assessment year commencing on the 1st day of April, 1969, incurred any expenditure for the maintenance of any one or more of his parents or grandparents mainly dependent on him, the income-tax computed

at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:-

- (a) Rs. 145 . . . . . in the case of an unmarried individual ;
- (b) Rs. 220 . . . . . in the case of a married individual who has no child mainly dependent on him ;
- (c) Rs. 240 . . . . . in the case of a married individual who has one child mainly dependent on him ;
- (d) Rs. 260 . . . . . in the case of a married individual who has more than one child mainly dependent on him,

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000 in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1969, this clause shall have effect as if for the amounts of Rs. 220, Rs. 240 and Rs. 260, the amounts of Rs. 145, Rs. 165, and Rs. 185 had, respectively, been substituted;

(iii) where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:—

- (a) Rs. 125 . . . . . in the case of an unmarried individual ;
- (b) Rs. 200 . . . . . in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener ;
- (c) Rs. 220 . . . . . in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family;

- (d) Rs. 240 . . . . . in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family,

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000 in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1969, this clause shall have effect as if for the amounts of Rs. 200, Rs. 220 and Rs. 240, the amounts of Rs. 125, Rs. 145 and Rs. 165 had, respectively, been substituted;

(iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 and who has, during the previous year relevant to the assessment year commencing on the 1st day of April, 1969, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of—

(1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000, and

(2) 40 per cent. of the amount by which the total income of the individual exceeds Rs. 10,000;

(B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed 40 per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of this proviso.

*Explanation.*—For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso, a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1969 exceeds one thousand rupees.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income;
- (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
- (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
- (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 Rs. 2,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 20,000 ;
- (6) where the total income exceeds Rs. 25,000 Rs. 3,750 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000 ;

Provided that—

(i) no income-tax shall be payable on a total income not exceeding Rs. 4,000; and

(ii) where the total income is Rs. 20,000 or less, the income-tax payable shall not exceed 40 per cent. of the amount by which the total income exceeds Rs. 4,000.

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

## Paragraph C

In the case of every registered firm,—

## Rates of income-tax

- (1) where the total income does not exceed Rs. 25,000 Nil ;
- (2) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 6 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
- (3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 1,500 plus 12 per cent. of the amount by which the total income exceeds Rs. 50,000 ;
- (4) where the total income exceeds Rs. 1,00,000 Rs. 7,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

## Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub-paragraph.

In the case of every local authority,—

*Rate of Income-tax*

On the whole of the total income 50 per cent.

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

*Paragraph E*

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956.

*Rates of income-tax*

- (i) on that part of its total income which consists of profits and gains from life insurance business 52.5 per cent.;
- (ii) on the balance, if any, of the total income the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

*Paragraph F*

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956.

*Rates of income-tax*

I. In the case of a domestic company—

(1) where the company is a company in which the public are substantially interested,—

- (i) in a case where the total income does not exceed Rs. 50,000 45 per cent. of the total income;



(ii) in a case where the total income exceeds Rs. 50,000 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested,—

(i) in the case of an industrial company—

(a) on so much of the total income as does not exceed Rs. 10,00,000 55 per cent.;

(b) on the balance, if any, of the total income 60 per cent.;

(ii) in any other case 65 per cent. of the total income

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) 80 per cent. of the amount by which its total income exceeds Rs. 50,000.

II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

- (b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and where such agreement has, in either case, been approved by the Central Government . . . . . 50 per cent. ;
- (ii) on the balance, if any, of the total income . . . . . 70 per cent.

### THE SECOND SCHEDULE

(See section 3)

#### RATES OF ANNUITY DEPOSIT FOR THE ASSESSMENT YEAR 1968-69

- (i) In the case of any depositor whose total income does not exceed Rs. 15,000 *Nil.*
- (ii) In the case of any depositor whose total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 6 per cent. of the adjusted total income :

Provided that the annuity deposit to be made shall in no case exceed half the amount by which the total income exceeds Rs. 15,000.

- (iii) In the case of a depositor whose total income exceeds Rs. 20,000 but does not exceed Rs. 40,000 9 per cent. of the adjusted total income :

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

- (a) an amount calculated at six per cent. on so much of the adjusted total income as does not exceed Rs. 20,000;
- (b) one-half of the amount by which the total income exceeds Rs. 20,000.

- (iv) In the case of a depositor whose total income exceeds Rs. 40,000 but does not exceed Rs. 70,000 12 per cent. of the adjusted total income :

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

- (a) an amount calculated at nine per cent. on so much of the adjusted total income as does not exceed Rs. 40,000;

(b) one-half of the amount by which the total income exceeds Rs. 40,000.

(v) In the case of a depositor whose total income exceeds Rs. 70,000 15 per cent. of the adjusted total income :

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

(a) an amount calculated at twelve per cent. on so much of the adjusted total income as does not exceed Rs. 70,000;

(b) one-half of the amount by which the total income exceeds Rs. 70,000.

*Explanation.*—In this Schedule, “total income” means total income computed in the manner laid down in the Income-tax Act without making any allowance under section 280O of that Act.

### THE THIRD SCHEDULE

(See section 30)

#### AMENDMENTS IN THE INCOME-TAX ACT

1. *Section 2.*—In clause (42A), for “twelve months”, at both places substitute “twenty-four months”.

2. *Section 10.*—

(a) in clause (4A), for “non-resident account”, substitute “Non-resident (External) Account”;

(b) in clause (11), insert at the end “or from any other provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette”;

(c) in clause (15), after sub-clause (ii), insert—

“(ii-a) interest on fixed deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette, to the extent to which the amounts of such deposits do not exceed, in each case, the maximum amount which is permitted to be deposited therein.”

## 3. Section 16.—For clause (iv), substitute—

“(iv) where the assessee is not in receipt of a conveyance allowance, whether as such or as part of his salary, and owns a conveyance which is used for the purposes of his employment, a sum representing the expenditure incurred by him in its maintenance and as representing its normal wear and tear, calculated in respect of each calendar month or part thereof for which the conveyance has been so used during the previous year, on the basis provided hereunder:—

- (1) where the conveyance is a motor car and the amount of the salary due to the assessee in respect of the previous year—
  - (a) does not exceed Rs. 15,000 Rs. 150 ;
  - (b) exceeds Rs. 15,000 but does not exceed Rs. 25,000 . Rs. 200 ;
  - (c) exceeds Rs. 25,000 . Rs. 250 ;
- (2) where the conveyance is a motor cycle, scooter or other moped Rs. 50 ;
- (3) where the conveyance is a bicycle Rs. 5 ;
- (4) where it is a conveyance other than a conveyance referred to in sub-clauses (1) to (3) such amount as the Income-tax Officer may deem fit;”.

## 4. Section 23.—In sub-section (1), for the first proviso and the Explanation, substitute—

“Provided that where the property is in the occupation of a tenant, the taxes levied by any local authority in respect of the property shall, to the extent such taxes are borne by the owner, be deducted in determining the annual value of the property;”.

## 5. Section 24.—In sub-section (1),—

- (a) omit clause (iii);
- (b) in clause (iv), for “not being a capital charge”, substitute “(not being a charge created by the assessee voluntarily or a capital charge)”;
- (c) in clause (vii), after “land revenue”, insert “or any other tax levied by the State Government”.

## 6. Section 40.—

(a) in clause (a), after sub-clause (iv), insert—

(v) any expenditure which results directly or indirectly in the provision of any benefit or amenity or perquisite, whether convertible into money or not, to an employee (including any sum paid by the assessee in respect of any obligation which but for such payment would have been payable by such employee) or any expenditure or allowance in respect of any assets of the assessee used by such employee either wholly or partly for his own purposes or benefit, to the extent such expenditure or allowance exceeds one-fifth of the amount of salary payable to the employee, or an amount calculated at the rate of one thousand rupees for each month or part thereof comprised in the period of his employment during the previous year, whichever is less:

Provided that in computing the aforesaid expenditure or allowance, the following shall not be taken into account, namely:—

- (a) any payment by way of gratuity;
- (b) the value of any travel concession or assistance referred to in clause (5) of section 10;
- (c) passage moneys or the value of any free or concessional passage referred to in sub-clause (i) of clause (6) of section 10;
- (d) any payment of tax referred to in sub-clause (vii) of clause (6) of section 10;
- (e) any sum referred to in sub-clause (vii) of clause (1) of section 17;
- (f) any sum referred to in sub-clause (v) of clause (2) of section 17;
- (g) the amount of any compensation referred to in sub-clause (i) or any payment referred to in sub-clause (ii) of clause (3) of section 17;
- (h) any payment referred to in clause (iv) or clause (v) of sub-section (1) of section 36; and
- (i) any expenditure referred to in clause (ix) of sub-section (1) of section 36:

Provided further that nothing in this sub-clause shall apply to any expenditure which results directly or indirectly in the provision of any benefit or amenity or perquisite to an employee whose income chargeable under the head "Salaries" is seven thousand five hundred rupees or less.

*Explanation 1.*—The provisions of this sub-clause shall apply notwithstanding that any amount not to be allowed under this sub-clause is included in the total income of the employee.

*Explanation 2.*—In this sub-clause, the word “salary” shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule.;

(b) in clause (c),—

(i) omit sub-clause (iii);

(ii) in *Explanation 1*, omit “1” and “or in sub-clause (iii)”;

(iii) omit *Explanation 2*.

7. *Section 43.*—In clause (4), for sub-clause (i), substitute—

‘(i) “scientific research” means any activities for the extension of knowledge in the fields of natural or applied science including agriculture, animal husbandry or fisheries;’.

8. *Section 58.*—In sub-section (1),—

(a) in clause (a), after sub-clause (iii), insert—

“(iv) any expenditure or allowance of the nature referred to in sub-clause (v) of clause (a) of section 40, notwithstanding that the amount thereof is included in the total income of any employee referred to therein;”;

(b) in clause (b), omit “or in sub-clause (iii)”.

9. *Section 67.*—In sub-section (1), in clause (a), after “in respect of the previous year”, insert”, and, where the firm is a registered firm, the income-tax, if any, payable by it in respect of the total income of the previous year.”.

10. *Section 80A.*—In sub-section (1), for “80T”, substitute “80U”.

11. *Section 80B.*—

(a) omit clause (3);

(b) in clause (7), for “the Fifth Schedule”, substitute “the Sixth Schedule”.

## 12. Section 80C.—

(a) in sub-section (2), after sub-clause (iii) of clause (a), insert—

“(iv) as a contribution to any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;”;

(b) omit sub-section (5).

## 13. Section 80D.—Omit sub-section (3).

## 14. Section 80E.—

(a) in sub-section (1), omit the second proviso;

(b) in sub-section (6), for clause (i), substitute—

“(i) whose gross total income includes income which is chargeable under the head “Interest on securities”, or “Income from house property”, or “Capital gains”, or any income chargeable under the head “Income from other sources” in so far as it is not immediately derived from personal exertion of the individual, and the aggregate amount of all such income is more than ten thousand rupees; or”;

(c) for sub-section (7), substitute—

“(7) The amount of deduction under this section shall not in any case exceed the amount of the income computed under the head “Profits and gains of business or profession” included in the gross total income.”;

(d) omit sub-section (8).

## 15. Section 80F.—Omit sub-section (3).

## 16. Section 80G.—Omit sub-section (6).

## 17. Section 80L.—For sub-section (1), substitute—

“(1) Where the gross total income of an assessee includes any income by way of dividends from an Indian company or Indian companies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the

total income of the assessee, a deduction as specified hereunder, namely:—

(i) in a case where the amount of such dividends does not exceed five hundred rupees, the whole of such amount;

(ii) in any other case, five hundred rupees.”.

18. *Section 80N.*—For “there shall be allowed a deduction from such income of an amount equal to sixty per cent. thereof”, substitute “there shall be allowed a deduction of the whole of such income”.

19. *Section 80O.*—For “there shall be allowed a deduction from such income of an amount equal to sixty per cent. thereof”, substitute “there shall be allowed a deduction of the whole of such income”.

20. After section 80T, insert in Chapter VIA—

“D. *Other deductions*

Deduction in  
the case of  
blind persons

80U. In computing the total income of an individual, being a resident who is totally blind as at the end of the previous year, there shall be allowed a deduction of a sum of two thousand rupees :

Provided that such individual produces before the Income-tax Officer, in respect of the first assessment year for which deduction is claimed under this section, a certificate as to his total blindness from a registered medical practitioner, being an oculist.”.

21. *Section 86.*—Omit clause (iv).

22. *Section 109.*—For clause (ii) and the *Explanation* thereto, substitute—

“(ii) “investment company” means a company whose gross total income consists mainly of income which is chargeable under the heads “Interest on securities”, “Income from house property”, “Capital gains” and “Income from other sources”;

23. *Section 139.*—For sub-section (4), substitute—

“(4) (a) Any person who has not furnished a return within the time allowed to him under sub-section (1) or sub-section (2) may before the assessment is made, furnish the return for any previous year at any time before the end of the period specified in clause (b), and the provisions of clause (iii) of the proviso to sub-section (1) shall apply in every such case.

(b) The period referred to in clause (a) shall be—

(i) where the return relates to a previous year relevant to any assessment year commencing on or before the 1st day of April, 1967, four years from the end of such assessment year;



(ii) where the return relates to a previous year relevant to the assessment year commencing on the 1st day of April, 1968, three years from the end of the assessment year;

(iii) where the return relates to a previous year relevant to any other assessment year, two years from the end of such assessment year.”.

24. Section 288A.—

(a) in sub-section (1), for “(1) Subject to the provisions of sub-section (2), the amount of total income”, substitute “The amount of total income”;

(b) omit sub-section (2);

(c) omit the *Explanation*.

25. In the Fifth Schedule,—

(a) for “[See sections 33(1) (b) (B) (i) and 80B(7)]”, substitute “[See section 33(1) (b) (B) (i)]”;

(b) after item (27), insert—

“(28) Processed seeds.

(29) Processed concentrates for cattle and poultry feed.

(30) Processed (including frozen) fish and fish products.

(31) Vegetable oils and oil-cakes manufactured by the solvent extraction process from seeds other than cotton seed.”.

26. After the Fifth Schedule, insert—

‘THE SIXTH SCHEDULE

[See sections 80B (7), 80I and 80M]

*List of articles and things*

- (1) Iron and steel (metal), ferro-alloys and special steels.
- (2) Aluminium, copper, lead and zinc (metals).
- (3) Coal, lignite, iron ore, bauxite, manganese ore, dolomite, limestone, magnesite and mineral oil.
- (4) Industrial machinery specified under the heading “8. Industrial machinery”, sub-heading “A. Major items of specialised equipment used in specific industries”, of the First Schedule to the Industries (Development and Regulation) Act, 1951.
- (5) Boilers and steam generating plants, steam engines and turbines and internal combustion engines.
- (6) Flame and drip proof motors.
- (7) Equipment for the generation and transmission of electricity including transformers, cables and transmission towers.

- (8) Machine tools and precision tools (including their attachments and accessories, cutting tools and small tools), dies and jigs.
- (9) Tractors, earth-moving machinery and agricultural implements.
- (10) Motor trucks and buses.
- (11) Steel castings and forgings and malleable iron and steel castings.
- (12) Cement and refractories.
- (13) Fertilisers, namely, ammonium sulphate, ammonium sulphate nitrate (double salt), ammonium nitrate, calcium ammonium nitrate (nitrolime stone), ammonium chloride, super phosphate, urea and complex fertilisers of synthetic origin containing both nitrogen and phosphorus, such as ammonium phosphates, ammonium sulphate phosphate and ammonium nitro phosphate.
- (14) Soda ash.
- (15) Pesticides.
- (16) Paper and pulp including newsprint.
- (17) Electronic equipment, namely, radar equipment, computers, electronic accounting and business machines, electronic communication equipment, electronic control instruments and basic components, such as valves, transistors, resistors, condensers, coils, magnetic materials and microwave components.
- (18) Petrochemicals including corresponding products manufactured from other basic raw materials like calcium carbide, ethyl alcohol or hydrocarbons from other sources.
- (19) Ships.
- (20) Automobile ancillaries.
- (21) Seamless tubes.
- (22) Gears.
- (23) Ball, roller and tapered bearings.
- (24) Component parts of the articles mentioned in items Nos. (4), (5), (7) and (9), that is to say, such parts as are essential for the working of the machinery referred to in the items aforesaid and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose and are in complete finished form and ready for fitment.
- (25) Cotton seed oil.
- (26) Tea.
- (27) Printing machinery.
- (28) Processed seeds.

THE FOURTH SCHEDULE

(See section 34)

PART I

In the First Schedule to the Tariff Act, in item No. 22(4) (a), for the entry in the fourth column, the entry "Rs. 45 per litre or 170 per cent. *ad valorem*, whichever is higher" shall be substituted.

PART II

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
1	2	3	4	5	6	7

In the First Schedule to the Tariff Act, for Item No. 9(3), the following Item shall be substituted, namely :—

"9(3) The following spices, whether ground or unground, namely :—

cardamoms, cassia, cinnamon, cloves, nutmegs and pepper.

(a) Cloves	Preferential Revenue,	Rs. 18 per kilogram.	..	Rs. 18 per kilogram less 7-½ per cent. <i>ad valorem</i> .	..
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1	2	3	4	5	6	7
(b) Cassia and cinnamon.	Preferential Revenue.	Rs. 20 per kilogram.	..	Rs. 20 per kilogram less 7- $\frac{1}{2}$ per cent. <i>ad valorem</i> .	..	
(c) Others	Preferential Revenue.	100 per cent. <i>ad valorem</i> .	..	92- $\frac{1}{2}$ per cent. <i>ad valorem</i> .	..	

THE UTTAR PRADESH APPROPRIATION (No. 2) ACT,  
1968

No. 20 OF 1968

[13th May, 1968]

An Act to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial year 1968-69.

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

1. This Act may be called the Uttar Pradesh Appropriation (No. 2) Act, 1968. Short title.

2. From and out of the Consolidated Fund of the State of Uttar Pradesh there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate [inclusive of the sums specified in column 3 of the Schedule to the Uttar Pradesh Appropriation (Vote on Account) Act, 1968] to the sum of seven hundred and thirty-two crores, forty-four lakhs, thirty-five thousand and three hundred rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69 in respect of the services specified in column 2 of the Schedule.

Issue  
of Rs.  
732,44,  
35,300  
out of  
the  
Conso-  
lidated  
Fund  
of the  
State  
of Uttar  
Pradesh  
for the  
year  
1968-69.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Uttar Pradesh by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolida- ted Fund	Total
		Rs.	Rs.	Rs.
1	Tax on Large Land Holdings	3,76,500	3,000	3,79,500
2	Land Revenue	12,17,10,900	13,200	12,17,24,100
3	State Excise	51,32,300	2,000	51,34,300
4	Sales Tax	94,32,200	5,000	94,37,200
5	Other Taxes and Duties	29,86,400	2,000	29,88,400
6	Stamps	15,57,200	1,000	15,58,200
7	Registration	35,89,100	200	35,89,300
8	State Legislature	52,74,900	73,400	53,48,300
9	Elections	12,62,700	..	12,62,700
10	General Administration	2,96,21,200	17,67,400	3,13,88,600
11	Commissioners and District Administration	11,53,74,900	10,100	11,53,85,000
12	Gaon Sabhas and Panchayats	1,82,12,200	2,000	1,82,14,200
13	Administration of Justice	2,96,59,700	59,52,700	3,56,12,400
14	Jails	3,23,53,100	2,000	3,23,55,100
15	Police	24,98,06,900	6,000	24,98,12,900
16	Food and Civil Supplies and Other Organizations.	1,57,59,200	61,000	1,58,20,200
17	Scientific Research and Cul- tural Affairs	24,49,500	300	24,49,800
18	Education	58,37,09,000	2,000	58,37,11,000
19	Medical	11,83,19,800	3,000	11,83,22,800
20	Public Health	12,67,74,400	700	12,67,75,100
21	Agricultural Development	13,23,04,600	84,000	13,23,88,600
22	Colonization	3,21,100	200	3,21,300
23	Animal Husbandry and Fisheries	5,27,02,900	3,000	5,27,05,900

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
24	Co-operation . . . . .	2,17,55,300	2,000	2,17,57,300
25	Industries . . . . .	10,04,08,700	2,500	10,04,11,200
26	Planning and Co-ordination	21,31,93,600	5,000	21,31,98,600
27	Labour and Employment . . . . .	4,82,74,700	8,000	4,82,82,700
28	Information Directorate . . . . .	43,74,800	500	43,75,300
29	Scheduled and Backward Classes . . . . .	4,31,60,600	1,000	4,31,61,600
30	Social Welfare . . . . .	52,83,300	500	52,83,800
31	Irrigation Works met from Revenue . . . . .	24,29,28,200	2,000	24,29,30,200
32	Irrigation Establishment . . . . .	9,50,66,100	4,000	9,50,70,100
33	Public Works met from Revenue . . . . .	12,35,84,000	3,81,900	12,39,65,900
34	Improvement of Communica- tions . . . . .	1,25,63,400	..	1,25,63,400
35	Public Works Establishment . . . . .	4,25,07,400	800	4,25,08,200
36	Grants-in-aid of Public Works	1,76,11,400	..	1,76,11,400
37	Transport . . . . .	35,10,39,800	3,05,000	35,13,44,800
38	Famine Relief . . . . .	51,66,300	50,01,000	1,01,67,300
39	Superannuation Allowances and Pensions . . . . .	3,63,40,900	2,38,800	3,65,79,700
40	Political Pensions and Allow- ances . . . . .	24,08,000	..	24,08,000
41	Stationery and Printing . . . . .	2,51,34,800	..	2,51,34,800
42	Forest . . . . .	7,25,51,100	40,000	7,25,91,100
43	Miscellaneous Charges . . . . .	5,10,24,500	7,100	5,10,31,600
44	Expenditure connected with National Emergency . . . . .	2,22,57,700	100	2,22,57,800
	Interest on Debt and Other Obligations . . . . .	..	37,34,16,800	37,34,16,800
	Reduction or Avoidance of Debt . . . . .	..	26,06,10,700	26,06,10,700

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolida- ted Fund	Total
		Rs.	Rs.	Rs.
45	Capital Outlay on Agricultural Schemes . . . . .	50,15,36,000	2,000	50,15,38,000
46	Capital Outlay on Industrial and Economic Development . . . . .	10,04,16,500	5,000	10,04,21,500
47	Capital Outlay on Multipurpose River Schemes . . . . .	15,14,00,000	..	15,14,00,000
48	Capital Outlay on Irrigation Works . . . . .	8,22,29,400	2,000	8,22,31,400
49	Capital Outlay on Public Works . . . . .	19,65,14,300	3,00,000	19,68,14,300
50	Capital Outlay on Road Transport and Other Schemes . . . . .	3,79,50,000	1,30,000	3,80,80,000
51	Commuted Value of Pensions . . . . .	7,41,100	30,000	7,71,100
52	Schemes of State Trading . . . . .	87,29,88,400	100	87,29,88,500
53	Loans and Advances bearing Interest . . . . .	71,13,61,600	..	71,13,61,600
	Repayment of Debt . . . . .	..	82,54,81,700	82,54,81,700
	GRAND TOTAL . . . . .	585,04,62,600	147,39,72,700	732,44,35,300



THE WEST BENGAL APPROPRIATION (No. 2)  
ACT, 1968

No. 21 OF 1968

[13th May, 1968]

An Act to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the State of West Bengal for the services of the financial year 1968-69.

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

1. This Act may be called the West Bengal Appropriation Short title.  
(No. 2) Act, 1968.
2. From and out of the Consolidated Fund of the State of West Bengal there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate [inclusive of the sums specified in column 3 of the Schedule to the West Bengal Appropriation (Vote on Account) Act, 1968] to the sum of three hundred and thirty-three crores, fifty-nine lakhs and seventeen thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69 in respect of the services specified in column 2 of the Schedule. Issue of Rs. 3,33,59,17,000 out of the Consolidated Fund of the State of West Bengal for the year 1968-69.
3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of West Bengal by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
1	Taxes on Income other than Corporation Tax . . . . .	9,15,000	1,000	9,16,000
	Land Revenue . . . . .	5,87,16,000	1,25,000	5,88,41,000
	Other Miscellaneous Compensations and Assignments . . . . .	28,82,000	4,50,000	33,32,000
2	Payment of Compensation to landholders, etc., on the abolition of the Zamindari System . . . . .	3,50,00,000	..	3,50,00,000
3	State Excise Duties . . . . .	84,67,000	1,000	84,68,000
4	Taxes on Vehicles . . . . .	17,15,000	..	17,15,000
5	Sales Tax . . . . .	56,67,000	1,000	56,68,000
6	Other Taxes and Duties . . . . .	20,99,000	..	20,99,000
7	Stamps . . . . .	20,52,000	..	20,52,000
8	Registration Fees . . . . .	60,72,000	..	60,72,000
9	Interest on Debt and Other Obligations . . . . .	60,00,000	24,30,96,000	24,90,96,000
10	Appropriation for Reduction or Avoidance of Debt . . . . .	..	5,14,80,000	5,14,80,000
11	Parliament, State/Union territory Legislature . . . . .	47,73,000	74,000	48,47,000
12	General Administration . . . . .	5,89,29,000	16,85,000	6,06,14,000
13	Administration of Justice . . . . .	1,63,74,000	57,05,000	2,20,79,000
14	Jails . . . . .	2,15,41,000	..	2,15,41,000
15	Police . . . . .	18,21,46,000	25,000	18,21,71,000
16	Miscellaneous Departments— Fire Services . . . . .	75,79,000	..	75,79,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolida- ted Fund	Total
		Rs.	Rs.	Rs.
17	Miscellaneous Departments— Excluding Fire Services . . . . .	3,74,21,000	2,000	3,74,23,000
18	Scientific Departments . . . . .	77,000	..	77,000
19	Education . . . . .	44,00,60,000	..	44,00,60,000
20	Medical . . . . .	16,98,89,000	..	16,98,89,000
21	Public Health . . . . .	8,48,96,000	..	8,48,96,000
22	{ Agriculture—Agriculture . . . . .	15,19,11,000	1,000	15,19,12,000
	{ Capital Outlay on Schemes of Agricultural Improvement and Research . . . . .	3,67,58,000	..	3,67,58,000
23	Agriculture—Fisheries . . . . .	80,61,000	..	80,61,000
24	{ Animal Husbandry . . . . .	1,95,04,000	..	1,95,04,000
	{ Capital Outlay on Schemes of Government Trading—Greater Calcutta Milk Supply Scheme . . . . .	7,25,30,000	..	7,25,30,000
25	Co-operation . . . . .	1,20,10,000	..	1,20,10,000
26	{ Industries—Industries . . . . .	3,12,47,000	2,28,000	3,14,75,000
	{ Capital Outlay on Industrial and Economic Development . . . . .	1,74,70,000	..	1,74,70,000
	{ Industries—Cottage Indus- tries . . . . .	1,99,08,000	..	1,99,08,000
27	{ Capital Outlay on Industrial and Economic Development— Cottage Industries . . . . .	13,95,000	..	13,95,000
28	Industries—Cinchona . . . . .	51,12,000	..	51,12,000
	{ Interest on Debt and Other Obligations—Community De- velopment Projects, National Extension Service and Local Development Works . . . . .	..	26,92,000	26,92,000
	{ Community Development Pro- jects, National Extension Service and Local Development Works . . . . .	4,53,09,000	..	4,53,09,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
29	Capital Outlay on Other Works—Community Development Projects, National Extension Service and Local Development Works . . .	13,40,000	..	13,40,000
	Loans for Community Development Projects, National Extension Service and Local Development Works . . .	..	62,66,000	62,66,000
	Loans and Advances under Community Development Projects, National Extension Service and Local Development Works . . .	31,61,000	..	31,61,000
30	Labour and Employment . . .	4,53,80,000	..	4,53,80,000
31	Miscellaneous Social and Developmental Organisations—Welfare of Scheduled Tribes and Castes and Other Backward Classes . . .	1,53,34,000	5,000	1,53,39,000
32	Miscellaneous Social and Developmental Organisations—Excluding Welfare of Scheduled Tribes and Castes and Other Backward Classes . . .	1,47,95,000	..	1,47,95,000
	Multipurpose River Schemes . . .	7,21,55,000	..	7,21,55,000
	Irrigation, Navigation, Embankment and Drainage Works (Commercial) . . .	81,51,000	..	81,51,000
	Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) . . .	3,85,33,000	5,000	3,85,38,000
33	Capital Outlay on Multipurpose River Schemes . . .	2,54,00,000	..	2,54,00,000
	Capital Outlay on Irrigation, Navigation, Embankment and Drainage Works (Commercial) . . .	49,82,000	..	49,82,000
	Capital Outlay on Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) . . .	35,62,000	..	35,62,000
34	Public Works . . .	15,59,49,000	17,24,000	15,76,73,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
35	Greater Calcutta Development Scheme	59,33,000	..	59,33,000
	Capital Outlay on Greater Calcutta Development Scheme	1,87,00,000	..	1,87,00,000
36	Ports and Pilotage	15,48,000	..	15,48,000
37	Road and Water Transport Schemes	58,93,000	6,07,000	65,00,000
	Capital Outlay on Road and Water Transport Schemes	10,50,000	..	10,50,000
38	Famine Relief	3,78,68,000	..	3,78,68,000
39	Pensions and Other Retirement Benefits	1,98,83,000	4,05,000	2,02,88,000
	Payments of Commuted Value of Pensions	5,60,000	5,000	5,65,000
40	Privy Purses and Allowances of Indian Rulers	1,49,000	..	1,49,000
41	Stationery and Printing	1,10,73,000	..	1,10,73,000
42	Forest	2,69,83,000	..	2,69,83,000
43	Miscellaneous—Contributions	3,77,40,000	9,40,000	3,86,80,000
44	Miscellaneous—Other Miscellaneous Expenditure	5,48,15,000	55,000	5,48,70,000
	Capital Outlay on Other Works	5,73,80,000	4,50,000	5,83,30,000
	Interest on Debt and Other Obligations—Expenditure on Displaced Persons	..	5,93,000	5,93,000
45	Miscellaneous—Irrecoverable Loans to Displaced Persons written off	1,50,00,000	..	1,50,00,000
	Miscellaneous Expenditure on Displaced Persons	3,72,05,000	..	3,72,05,000
	Capital Outlay on Other Works—Expenditure on Displaced Persons	65,00,000	5,00,000	70,00,000
	Loans for Displaced Persons	..	1,65,92,000	1,65,92,000
	Loans and Advances to Displaced Persons	50,00,000	..	50,00,000
46	Pre-partition Payments	1,000	..	1,000

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
47	Expenditure connected with the National Emergency . . . . .	3,87,85,000	..	3,87,85,000
48	Capital Outlay on Multipurpose River Schemes—Damodar Valley Project . . . . .	4,33,87,000	..	4,33,87,000
49	Capital Outlay on Public Works . . . . .	7,06,91,000	2,70,000	7,09,61,000
50	Capital Outlay on Schemes of Government Trading . . . . .	5,41,91,000	..	5,41,91,000
	(Permanent Debt . . . . .	..	7,11,46,000	7,11,46,000
51	Loans from Central Government (excluding loans for Community Development Projects, etc., and Displaced Persons) . . . . .	..	25,19,05,000	25,19,05,000
	Other Loans . . . . .	..	53,85,000	53,85,000
52	Loans and Advances by State/Union territory Governments . . . . .	15,94,36,000	..	15,94,36,000
	<b>TOTAL</b> . . . . .	2,67,34,98,000	66,24,19,000	3,33,59,17,000

56 of 1974, s. 2 + sch. I

## THE ESTATE DUTY (AMENDMENT) ACT, 1968

No. 22 OF 1968

[13th May, 1968]

An Act further to amend the Estate Duty Act, 1953.

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

1. This Act may be called the Estate Duty (Amendment) Act, 1968. Short title.

2. After sub-section (2) of section 5A of the Estate Duty Act, 1953, the following sub-section shall be inserted, namely:— Amendment of section 5A.

“(2A) The amendments made to, or in relation to, this Act by—

- 54 of 1963. (i) the Central Boards of Revenue Act, 1963,
- 5 of 1964. (ii) the Finance Act, 1964,
- 11 of 1964. (iii) the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964,
- 31 of 1964. (iv) the Direct Taxes (Amendment) Act, 1964,
- 10 of 1965. (v) the Finance Act, 1965,
- 15 of 1965. (vi) the Finance (No. 2) Act, 1965,
- 41 of 1965. (vii) the Taxation Laws (Amendment and Miscellaneous Provisions) Act, 1965, and
- 13 of 1966. (viii) the Finance Act, 1966,

shall apply, and shall be deemed to have applied, on and from the dates on which the amendments made by each of the Acts

**REPEALED**

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*Estate Duty (Amendment)* [ACT 22 OF 1968]

aforesaid respectively took effect, to estate duty in respect of agricultural lands situate in the territories comprised in—

(a) the States of Gujarat, Madras, Maharashtra and Rajasthan; and

(b) any other States which the Central Government may, by notification in the Official Gazette, specify in this behalf after resolutions have been passed by the Legislatures of those States adopting the said amendments under clause (1) of article 252 of the Constitution.”



THE PUBLIC PROVIDENT FUND ACT, 1968

No. 23 OF 1968

[16th May, 1968]

An Act to provide for the institution of a provident fund for the general public.

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

1. (1) This Act may be called the Public Provident Fund Act, 1968. Short title and extent.

(2) It extends to the whole of India.

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

(a) "Fund" means the Public Provident Fund established under the Scheme;

(b) "minor" means a person who is not deemed to have attained majority under the Indian Majority Act, 1875; 9 of 1875.

(c) "Scheme" means the Public Provident Fund Scheme framed under sub-section (1) of section 3;

(d) "subscriber" means an individual who makes subscription to the Fund under section 4 and where such subscription is made by an individual on behalf of a minor, of whom he is the guardian, such minor;

(e) "year" means the financial year.

Public Provident Fund Scheme.

3. (1) The Central Government may, by notification in the Official Gazette, frame a scheme to be called the Public Provident Fund Scheme for the establishment of a provident fund for the general public and there shall be established, as soon as may be after the framing of the Scheme, a Fund in accordance with the provisions of this Act and the Scheme.

(2) Subject to the provisions of this Act, the Scheme may provide for all or any of the matters specified in the Schedule.

(3) The Scheme shall have effect notwithstanding anything contained in any law for the time being in force other than this Act or in any instrument having effect by virtue of any law other than this Act.

(4) The Central Government may, from time to time, by notification in the Official Gazette, add to, amend or vary the Scheme.

Subscriptions to Fund.

4. Any individual may, on his own behalf or on behalf of a minor, of whom he is the guardian, subscribe to the Fund in such manner and subject to such maximum and minimum limits as may be specified in the Scheme.

Interest.

5. All subscriptions made under section 4 shall bear interest at such rate as may be notified by the Central Government in the Official Gazette, from time to time, and the interest shall be calculated in such manner as may be specified in the Scheme.

Withdrawals.

6. (1) A subscriber shall be entitled to make withdrawals from the amount standing to his credit in the Fund (including any interest accrued thereon) to such extent and subject to such terms and conditions as may be specified in the Scheme:

Provided that such withdrawals shall be allowed only after the expiry of a period of five years from the end of the year in which he makes the initial subscription to the Fund.

(2) Notwithstanding anything contained in sub-section (1), a subscriber shall be entitled to withdraw the entire balance standing to his credit in the Fund after the expiry of a period of fifteen years from the end of the year in which he makes the initial subscription to the Fund.

(3) Subject to the provisions of sub-sections (1) and (2), an individual who has made subscriptions to the Fund on behalf of a minor, of whom he is the guardian, shall be entitled to withdraw any amount from the Fund only for the use of the minor.

7. A subscriber may be granted loans out of the amount standing to his credit in the Fund on such terms and conditions as may be specified in the Scheme and where the subscriber is a minor, such loans shall be granted to his guardian only for the use of the minor.

8. (1) If a subscriber dies and there is in force at the time of his death a nomination in favour of any person, all amounts standing to his credit in the Fund shall be payable to the nominee.

(2) Where the nominee is a minor, the amounts referred to in sub-section (1) shall be payable to any guardian of the property of the minor appointed by a competent court, or where no such guardian has been so appointed, to either parent of the minor, or where neither parent is alive, to any other guardian of the minor.

(3) Where there is no nomination in force at the time of the death of the subscriber, the amounts referred to in sub-section (1) shall be payable to his legal heirs.

9. The amount standing to the credit of any subscriber in the Fund shall not be liable to attachment under any decree or order of any court in respect of any debt or liability incurred by the subscriber.

10. 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 the Scheme.

11. (1) If any difficulty arises in giving effect to the provisions of this Act or the Scheme, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for the removal of the difficulty:

Provided that no such order shall be made after the expiration of three years from the commencement of this Act.

(2) Every order made under sub-section (1) shall be laid as soon as may be after it is made before each House of Parliament.

12. The Scheme 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 successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in any provision of the Scheme or both Houses agree that any provision in the Scheme

should not be made, the provision of 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 provision.

#### THE SCHEDULE

[See section 3 (2)]

Matters for which provision may be made in the Scheme:—

(1) The manner in which subscriptions to the Fund may be made and the maximum and minimum limits of such subscriptions.

(2) The manner in which interest on subscriptions to the Fund may be calculated.

(3) The documents to be issued to subscribers as evidence of the subscriptions made by them to the Fund.

(4) The extent to which and the terms and conditions under which withdrawals may be made by subscribers from the amount standing to their credit in the Fund.

(5) The authority or authorities by or through whom subscriptions to the Fund may be collected or withdrawals therefrom may be made.

(6) The terms and conditions under which loans may be granted to subscribers out of the amounts standing to their credit in the Fund and the authority or authorities by whom such loans may be granted.

(7) The accounts to be maintained with respect to subscriptions to the Fund, and withdrawals and final payments made and loans granted therefrom and the authority or authorities by whom such accounts shall be maintained.

(8) The nomination of any person to receive the amount standing to the credit of a subscriber in the Fund in the event of his death and the cancellation or change of such nomination.

(9) The issue of duplicate of any document issued as evidence of any subscription to the Fund in the event of damage,

loss or destruction of the original and the fee on the payment of which such duplicate may be issued.

(10) Any other matter which is to be provided for in the Scheme or which may be necessary or proper for the purpose of implementing the Scheme.

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THE BIHAR AND UTTAR PRADESH (ALTERATION  
OF BOUNDARIES) ACT, 1968

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## THE SCHEDULE

**THE BIHAR AND UTTAR PRADESH (ALTERATION  
OF BOUNDARIES) ACT, 1968**

**No. 24 OF 1968**

[22nd May 1968]

An Act to provide for the alteration of boundaries of the States of Bihar and Uttar Pradesh and for matters connected therewith.

Be it enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

**PART I**

**PRELIMINARY**

1. This Act may be called the Bihar and Uttar Pradesh (Alteration of Boundaries) Act, 1968. Short title.

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

(a) "appointed day" means the day which the Central Government may, by notification in the Official Gazette, appoint;

(b) "assembly constituency", "council constituency" and "parliamentary constituency" have the same meanings as in the Representation of the People Act, 1950;

43 of 1950.

(c) "deep stream", in relation to the river Ganga or the river Ghaghra, means the deep stream thereof as verified and agreed upon by the State Governments of Bihar and Uttar Pradesh after the 30th day of September of the year preceding the year in which the appointed day falls and before the 1st day of January of the year in which the appointed day falls and in default of agreement between the State Governments, as determined by such authority as may be specified by the Central Government;



(d) "fixed boundary" means the boundary line demarcated under the provisions of sub-section (2) of section 3 in relation to the river Ganga or the river Ghaghra, as the case may be;

(e) "law" includes any enactment, ordinance, regulation, order, bye-law, rule, scheme, notification or other instrument having the force of law in the whole or in any part of the State of Bihar or Uttar Pradesh;

(f) "notified order" means an order published in the Official Gazette;

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

(h) "sitting member", in relation to either House of Parliament or of the Legislature of a State, means a person who immediately before the appointed day is a member of that House;

(i) "transferred territories" means,—

(i) in relation to the State of Bihar, the territories transferred by this Act from that State to the State of Uttar Pradesh, and

(ii) in relation to the State of Uttar Pradesh, the territories transferred by this Act from that State to the State of Bihar;

(j) any reference to a district of a State shall be construed as a reference to the area physically comprised within that district immediately before the appointed day.

## PART II

### TRANSFER OF TERRITORIES

3. (1) As from the appointed day,—

Transfer  
of terri-  
tories.

(a) there shall be added to the State of Bihar—

(i) all the territories of Ballia district of the State of Uttar Pradesh lying between the fixed boundary and the deep stream of the river Ghaghra, and

(ii) all the territories of that district lying between the fixed boundary and the deep stream of the river Ganga, and the said territories shall thereupon cease to form part of the State of Uttar Pradesh; and

(b) there shall be added to the State of Uttar Pradesh—

(i) all the territories of Saran district of the State of Bihar lying between the fixed boundary and the deep stream of the river Ghaghra, and

(ii) all the territories of Shahabad district of the State of Bihar lying between the fixed boundary and the deep stream of the river Ganga,

and the said territories shall thereupon cease to form part of the State of Bihar.

(2) The fixed boundary in relation to each of the rivers Ganga and Ghaghra shall be demarcated by an authority appointed in this behalf by the Central Government so as to be generally in conformity with the boundary line described in the Schedule in relation to that river:

Provided that in the process of such demarcation, the said authority shall have power to rationalise to the extent considered necessary by him, the boundary alignment between the high banks of the river Ganga or the river Ghaghra, as the case may be, and in particular shall try—

(a) to ensure, as far as possible, the stability of the boundary pillars and the recognition of the boundary alignment both during the dry and flood seasons; and

(b) to avoid, as far as possible, the splitting up of the existing abadis.

(3) For the purposes of such demarcation,—

(a) the decision of the said authority on any matter relating to the interpretation of any part of the description of the boundary given in the Schedule (including the determination of the relevant record referred to in the Explanatory Note to the Schedule) shall be final;

(b) the said authority shall have power to determine the location of the points at which the boundary pillars shall be constructed and to specify the State Government which shall be responsible for the construction and maintenance of the boundary pillars at such points according to such specifications as that authority may indicate (the pillars of the same specifications being apportioned, as far as practicable equally between the two State Governments), the decision of the said authority in regard to these matters being final;

(c) it shall be lawful for the said authority and for any person specified by such authority to enter upon and survey any area in the vicinity of the boundary line and to do all other acts as may be necessary.

(4) The authority referred to in sub-section (2) shall also prepare a map of the transferred territories showing—

(a) the deep stream of the river Ghaghra or the river Ganga, as the case may be, and the fixed boundary in relation to that river;

(b) the names and boundaries of the villages in the transferred territories, as indicated by the State Government having jurisdiction over the territories before their transfer, with reference to the revenue records of that Government in force immediately before the preparation of such map,

and forward such map to the Central Government who shall cause it to be published in the transferred territories in such manner as it thinks fit.

(5) As from the appointed day, the State Government of Bihar or Uttar Pradesh shall, by order in the Official Gazette, provide for the administration of the territories transferred to that State under sub-section (1), by including them or any part of them in such district, sub-division, police-station or other administrative unit as may be specified in the order.

4. As from the appointed day, in the First Schedule to the Constitution, under the heading "I. THE STATES"—

(a) for the entry against "3. Bihar", the following shall be substituted, namely:—

"The territories which immediately before the commencement of this Constitution were either comprised in the Province of Bihar or were being administered as if they formed part of that Province and the territories specified in clause (a) of sub-section (1) of section 3 of the Bihar and Uttar Pradesh (Alteration of Boundaries) Act, 1968, but excluding the territories specified in sub-section (1) of section 3 of the Bihar and West Bengal (Transfer of Territories) Act, 1956, and the territories specified in clause (b) of sub-section (1) of section 3 of the first mentioned Act.";

Amend-  
ment of  
First  
Schedule  
to the  
Constitu-  
tion.

(b) for the entry against "13. Uttar Pradesh", the following shall be substituted, namely:—

"The territories which immediately before the commencement of this Constitution were either comprised in the Province known as the United Provinces or were being administered as if they formed part of that Province and the territories specified in clause (b) of sub-section (1) of section 3 of the Bihar and Uttar Pradesh (Alteration of Boundaries) Act, 1968, but excluding the territories specified in clause (a) of sub-section (1) of section 3 of that Act."

### PART III

#### REPRESENTATION IN THE LEGISLATURES

Construction of Delimitation Orders.

5. As from the appointed day, any reference in any order relating to delimitation of parliamentary constituencies, assembly constituencies or council constituencies—

(a) (i) to the State of Bihar, shall be construed as including the territories transferred to that State from the State of Uttar Pradesh under clause (a) of sub-section (1) of section 3, but excluding the territories transferred from the State of Bihar to the State of Uttar Pradesh under clause (b) of that sub-section;

(ii) to any district, sub-division, police-station or other administrative unit in the State of Bihar, shall be construed as including that part of the territories, if any, transferred to that State, which is included in that district, sub-division, police-station or other administrative unit by order made under sub-section (5) of section 3;

(b) (i) to the State of Uttar Pradesh, shall be construed as including the territories transferred to that State from the State of Bihar under clause (b) of sub-section (1) of section 3, but excluding the territories transferred from the State of Uttar Pradesh to the State of Bihar under clause (a) of that sub-section;

(ii) to any district, sub-division, police-station or other administrative unit in the State of Uttar Pradesh, shall be construed as including that part of the territories, if any, transferred to that State, which is included in that district, sub-division,

police-station or other administrative unit by order made under sub-section (5) of section 3.

6. (1) Every sitting member of the House of the People representing any parliamentary constituency the extent of which has been altered by virtue of the provisions of this Act shall, notwithstanding such alteration, be deemed, as from the appointed day, to have been elected to that House by that constituency as so altered. Provision as to sitting members.

(2) Every sitting member of the Legislative Assembly of the State of Bihar or Uttar Pradesh representing any assembly constituency the extent of which has been altered by virtue of the provisions of this Act shall, notwithstanding such alteration, be deemed, as from the appointed day, to have been elected to the said Legislative Assembly by that constituency as so altered.

(3) Every sitting member of the Legislative Council of Bihar or Uttar Pradesh representing any council constituency the extent of which has been altered by virtue of the provisions of this Act, shall, notwithstanding such alteration, be deemed, as from the appointed day, to have been elected to the said Legislative Council by that constituency as so altered.

#### PART IV

##### HIGH COURTS

7. (1) Except as hereinafter provided—

(a) the jurisdiction of the High Court at Patna shall, as from the appointed day, extend to the territories transferred by this Act from the State of Uttar Pradesh to the State of Bihar; and

(b) the High Court of Judicature at Allahabad shall, as from that day, have no jurisdiction in respect of the said territories.

Extension of jurisdiction of, and transfer of proceedings to, High Court at Patna.

(2) Such proceedings pending in the High Court of Judicature at Allahabad immediately before the appointed day as are certified by the Chief Justice of that High Court, having regard to the place of accrual of the cause of action and other circumstances, to be proceedings which ought to be heard and decided by the High Court at Patna shall, as soon as may be after such certification, be transferred to the High Court at Patna.

(3) Notwithstanding anything contained in sub-sections (1) and (2), but save as hereinafter provided, the High Court of Judicature at Allahabad shall have, and the High Court at Patna shall not have, jurisdiction to entertain, hear or dispose of appeals, applications for leave to appeal to the Supreme Court, applications for review and other proceedings, where any such proceedings seek any relief in respect of any order passed by the High Court of Judicature at Allahabad before the appointed day:

Provided that if, after such proceedings have been entertained by the High Court of Judicature at Allahabad, it appears to the Chief Justice of that High Court that they ought to be transferred to the High Court at Patna, he shall order that they shall be so transferred and such proceedings shall thereupon be transferred accordingly.

(4) Any order made by the High Court of Judicature at Allahabad—

(a) before the appointed day in any proceedings transferred to the High Court at Patna by virtue of sub-section (2), or

(b) in any proceedings with respect to which the High Court of Judicature at Allahabad retains jurisdiction by virtue of sub-section (3),

shall, for all purposes, have effect not only as an order of the High Court of Judicature at Allahabad, but also as an order made by the High Court at Patna.

(5) Subject to any rule made or direction given by the High Court at Patna, any such person who immediately before the appointed day is an advocate entitled to practise in the High Court of Judicature at Allahabad as may be specified in this behalf by the Chief Justice of the High Court at Patna having regard to the transfer of territories from the State of Uttar Pradesh to the State of Bihar, shall be recognised as an advocate entitled to practise in the High Court at Patna.

Extension of jurisdiction of, and transfer of proceedings to, High Court at Allahabad.

8. (1) Except as hereinafter provided—

(a) the jurisdiction of the High Court of Judicature at Allahabad shall, as from the appointed day, extend to the territories transferred by this Act from the State of Bihar to the State of Uttar Pradesh; and

(b) the High Court at Patna shall, as from that day, have no jurisdiction in respect of the said territories.

(2) Such proceedings pending in the High Court at Patna immediately before the appointed day as are certified by the Chief Justice of that High Court, having regard to the place of accrual of the cause of action and other circumstances, to be proceedings which ought to be heard and decided by the High Court of Judicature at Allahabad shall, as soon as may be after such certification, be transferred to the High Court of Judicature at Allahabad.

(3) Notwithstanding anything contained in sub-sections (1) and (2), but save as hereinafter provided, the High Court at Patna shall have, and the High Court of Judicature at Allahabad shall not have, jurisdiction to entertain, hear or dispose of appeals, applications for leave to appeal to the Supreme Court, applications for review and other proceedings, where any such proceedings seek any relief in respect of any order passed by the High Court at Patna before the appointed day:

Provided that if, after such proceedings have been entertained by the High Court at Patna, it appears to the Chief Justice of that High Court that they ought to be transferred to the High Court of Judicature at Allahabad, he shall order that they shall be so transferred and such proceedings shall thereupon be transferred accordingly.

(4) Any order made by the High Court at Patna—

(a) before the appointed day in any proceedings transferred to the High Court of Judicature at Allahabad by virtue of sub-section (2), or

(b) in any proceedings with respect to which the High Court at Patna retains jurisdiction by virtue of sub-section (3),

shall, for all purposes, have effect not only as an order of the High Court at Patna, but also as an order made by the High Court of Judicature at Allahabad.

(5) Subject to any rule made or direction given by the High Court of Judicature at Allahabad, any such person who immediately before the appointed day is an advocate entitled to practise in the High Court at Patna as may be specified in this behalf by the Chief Justice of the High Court of Judicature at Allahabad having regard to the transfer of territories from the State of Bihar to the State of Uttar Pradesh, shall be recognised as an advocate entitled to practise in the High Court of Judicature at Allahabad.

Right to appear in any proceedings transferred under section 7 or section 8.

9. Any person who immediately before the appointed day is an advocate entitled to practise in the High Court at Patna or the High Court of Judicature at Allahabad and was authorised to appear in any proceedings transferred under section 7 or section 8 shall have the right to appear in the High Court to which the proceedings have been transferred, in relation to those proceedings.

Inter-pretation.

10. For the purposes of sections 7 and 8,—

(a) proceedings shall be deemed to be pending in the High Court at Patna or the High Court of Judicature at Allahabad until that Court has disposed of all issues between the parties, including any issue with respect to the taxation of the costs of the proceedings and shall include appeals, applications for leave to appeal to the Supreme Court, applications for review, petitions for revision and petitions for writs;

(b) references to the High Court at Patna or the High Court of Judicature at Allahabad shall be construed as including references to a Judge or division court thereof, and references to an order made by a court or a Judge shall be construed as including references to a sentence, judgment or decree passed or made by that court or Judge.

## PART V

### AUTHORISATION OF EXPENDITURE

Appropriation of moneys for expenditure in transferred territories under existing appropriation Acts.

11. (1) As from the appointed day, any Act passed by the Legislature of the State of Bihar or Uttar Pradesh before that day for the appropriation of any moneys out of the Consolidated Fund of the State to meet any expenditure in respect of any part of the financial year in which the appointed day falls shall have effect also in relation to the territories transferred to that State by the provisions of Part II and it shall be lawful for the State Government to spend any amount in those territories out of the amount authorised by such Act to be expended for any service in that State.

(2) The Governor of Bihar or of Uttar Pradesh may, after the appointed day, authorise such expenditure, from the Consolidated Fund of the State as he deems necessary for any purpose or service in the territories transferred to that State for a period of not more than six months beginning with the appointed day pending the sanction of such expenditure by the Legislature of the State.

Reports relating to accounts

12. The reports of the Comptroller and Auditor-General of India referred to in clause (2) of article 151 of the Constitution relating to the accounts of the State of Bihar or Uttar Pradesh in respect of any



period prior to the appointed day shall be submitted to the Governor of Bihar and Uttar Pradesh who shall cause them to be laid before the Legislature of the State.

## PART VI

### APPORTIONMENT OF ASSETS AND LIABILITIES

13. (1) Subject to the other provisions of this Part, all land and all stores, articles and other goods belonging to the State of Bihar or Uttar Pradesh in the transferred territories shall, as from the appointed day, pass to the State to which the territories are transferred.

Land and goods.

(2) In this section, the expression "land" includes immovable property of every kind and any rights in or over such property.

14. The right of Bihar or Uttar Pradesh to recover arrears of any tax or duty on property situate in the transferred territories, including land revenue, or to recover arrears of any other tax or duty in any case where the place of assessment of that tax or duty is in the transferred territories shall belong to the State to which the territories are transferred.

Arrears of taxes.

15. The right to recover any loans or advances made before the appointed day by Bihar or Uttar Pradesh to any local body, society agriculturist, or other person in the transferred territories shall belong to the State to which the territories are transferred.

Right to recover loans and advances.

16. The liability of Bihar or Uttar Pradesh to refund any tax or duty on property situate in the transferred territories, including land revenue, collected in excess shall be the liability of the State to which the territories are transferred and the liability of Bihar or Uttar Pradesh to refund any other tax or duty collected in excess in any case where the place of assessment of the tax or duty is in the transferred territories shall also be the liability of the State to which the territories are transferred.

Refund of taxes collected in excess.

17. The liability of Bihar or Uttar Pradesh in respect of any civil deposit or local fund deposit made in the transferred territories shall, as from the appointed day, be the liability of the State to which the territories are transferred.

Deposits.

18. (1) Where, before the appointed day, the State of Bihar or Uttar Pradesh has made any contract in the exercise of its executive power for any purposes of the State, that contract shall be deemed to have been made in the exercise of the executive power—

Contracts

(a) if such purposes are, as from that day, purposes relating exclusively to the transferred territories, of the State to which the territories are transferred; and

(b) in any other case, of the State which made the contract, and all rights and liabilities which have accrued, or may accrue, under any such contract shall, to the extent to which they are rights or liabilities of the State which made the contract, be rights or liabilities of the State specified in clause (a) or clause (b) above.

(2) For the purposes of this section, there shall be deemed to be included in the liabilities which have accrued or may accrue under any contract—

(a) any liability to satisfy an order or award made by any court or other tribunal in proceedings relating to the contract; and

(b) any liability in respect of expenses incurred in or in connection with any such proceedings.

(3) This section shall have effect subject to the other provisions of this Part relating to the apportionment of liabilities in respect of loans, guarantees and other financial obligations.

Liability in respect of actionable wrong.

19. Where, immediately before the appointed day, the State of Bihar or Uttar Pradesh is subject to any liability in respect of an actionable wrong, other than breach of contract, that liability shall,—

(a) if the cause of action arose wholly within the transferred territories, be a liability of the State to which the territories are transferred; and

(b) in any other case, continue to be a liability of the State which, immediately before that day, was subject to such liability.

Liability as guarantor of co-operative societies.

20. Where, immediately before the appointed day, the State of Bihar or Uttar Pradesh is liable as guarantor in respect of any liability of a registered co-operative society, that liability shall,—

(a) if the area of the society's operations is limited to the transferred territories, be a liability of the State to which the territories are transferred; and

(b) in any other case, continued to be a liability of the State which, immediately before that day, was subject to such liability.

Items in suspense.

21. If any item in suspense is ultimately found to affect an asset or liability of the nature referred to in any of the foregoing provisions of this Part, it shall be dealt with in accordance with that provision.

22. Where the States of Bihar and Uttar Pradesh agree that the benefit or burden of any particular asset or liability should be apportioned between them in a manner other than that provided for in the foregoing provisions of this Part, then, notwithstanding anything contained therein, the benefit or burden of that asset or liability shall be apportioned in the manner agreed upon.

Appor-  
tion-  
ment of  
assets or  
liabilities  
by  
agree-  
ment.

23. Where, by virtue of any of the provisions of this Part, either of the States of Bihar or Uttar Pradesh becomes entitled to any property or obtains any benefits or becomes subject to any liability, and the Central Government, on a reference made within a period of three years from the appointed day by either of the States, is of opinion that it is just and equitable that that property or those benefits should be transferred to, or shared with, the other State or that a contribution towards that liability should be made by the other State, the said property or benefits shall be allocated in such manner between the two States, or the other State shall make to the State subject to the liability such contribution in respect thereof, as the Central Government may, after consultation with the two State Governments, by order determine.

Power of  
Central  
Govern-  
ment to  
order  
allocation  
or adjust-  
ment in  
certain  
cases.

24. All sums payable by either Bihar or Uttar Pradesh to the other State by virtue of the provisions of this Part shall be charged on the Consolidated Fund of the State by which such sums are payable.

Expendi-  
ture to be  
charged  
on the  
Consoli-  
dated  
Fund.

PART VII

LEGAL AND MISCELLANEOUS PROVISIONS

25. As from the appointed day—

63 of 1951. (a) the Financial Corporations constituted under the State Financial Corporations Act, 1951, for the States of Bihar and Uttar Pradesh, and

54 of 1948. (b) the State Electricity Boards constituted under the Electricity (Supply) Act, 1948, for the said States,

State  
Financial  
Corpora-  
tions and  
State  
Electri-  
city  
Boards.

shall be deemed to have been constituted for those States with their areas as altered by the provisions of section 3.

26. The provisions of section 3 shall not be deemed to have effected any change in the territories to which any law in force immediately before the appointed day extends or applies, and territorial references in any such law to the State of Bihar or Uttar Pradesh shall, until otherwise provided by a competent Legislature or other competent authority, be construed as meaning the territories within that State immediately before the appointed day.

Terri-  
torial  
extent  
of laws.

Power to  
adopt  
laws.

27. For the purpose of facilitating the application of any law in relation to the State of Bihar or Uttar Pradesh, the 'appropriate Government may, before the expiration of one year from the appointed day, by order make such adaptations and modifications of the law, whether by way of repeal or amendment as may be necessary or expedient, and thereupon every such law shall have effect subject to the adaptations or modifications so made until altered, repealed or amended by a competent Legislature or other competent authority.

*Explanation.*—In this section, the expression "appropriate Government" means as respects any law relating to a matter enumerated in the Union List, the Central Government, and as respects any other law, the State Government.

Power to  
construe  
laws.

28. Notwithstanding that no provision or insufficient provision has been made for the adaptation of a law made before the appointed day, any court, tribunal or authority, required or empowered to enforce such law may, for the purpose of facilitating its application in relation to the State of Bihar or Uttar Pradesh, construe the law in such manner, without affecting the substance, as may be necessary or proper in regard to the matter before the court, tribunal or authority.

Legal  
proceed-  
ings.

29. Where, immediately before the appointed day, the State of Bihar or Uttar Pradesh is a party to any legal proceedings with respect to any property, rights or liabilities transferred to the other State under this Act, the other State shall be deemed to be substituted for the State from which such property rights or liabilities are transferred as a party to those proceedings, or added as a party thereto, as the case may be, and the proceedings may continue accordingly.

Transfer  
of pend-  
ing pro-  
ceedings.

30. (1) Every proceeding pending immediately before the appointed day before a court (other than a High Court), tribunal, authority or officer in any area which on that day falls within the State of Bihar or Uttar Pradesh shall, if it is a proceeding relating exclusively to any part of the territories which as from that day are the territories of the other State, stand transferred to the corresponding court, tribunal, authority or officer in the other State.

(2) If any question arises as to whether any proceeding should stand transferred under sub-section (1), it shall be referred to the High Court having jurisdiction in respect of the area in which the court, tribunal, authority or officer before which, or before whom, such proceeding is pending on the appointed day, is functioning, and the decision of that High Court shall be final.

(3) In this section,—

(a) “proceeding” includes any suit, case or appeal; and

(b) “corresponding court, tribunal, authority or officer” in a State means—

(i) the court, tribunal, authority or officer in which, or before whom, the proceeding would have lain if the proceeding had been instituted after the appointed day, or

(ii) in case of doubt, such court, tribunal, authority or officer in that State as may be determined after the appointed day by the Government of that State, or before the appointed day by the Government of the other State, to be the corresponding court, tribunal, authority or officer.

31. Any person who, immediately before the appointed day, is enrolled as a pleader entitled to practise in any subordinate courts in the transferred territories shall, for a period of six months from that day, continue to be entitled to practise in those courts, notwithstanding that the whole or any part of the territories within the jurisdiction of those courts has been transferred to another State.

Right of pleaders to practise in certain courts.

32. (1) it shall be lawful for the State Government which is responsible for the construction of any boundary pillar under sub-section (3) of section 3 to cause such pillar to be constructed and maintained and no suit, prosecution or other legal proceeding shall lie against the State Government or any of its officers for anything in good faith done or intended to be done under this section.

Construction of boundary pillars, etc.

(2) The boundary pillars shall be inspected jointly by the officers of the State Governments of Bihar and Uttar Pradesh in accordance with such rules as the Central Government may make in this behalf.

(3) Whoever wilfully removes or injures any boundary pillar shall be punishable with imprisonment of either description for a term which may extend to one year, or with fine, or with both.

(4) Notwithstanding anything contained in the Code of Criminal Procedure, 1898, an offence under sub-section (3) may be inquired into and tried by a court in either of the States of Bihar and Uttar Pradesh.

Validity of demarcation done before commencement of Act.

33. All things done, and all steps taken, before the commencement of this Act in connection with the demarcation of the fixed boundary in relation to the river Ganga or the river Ghaghra, as the case may be, shall, in so far as they are in conformity with the provisions of sub-sections (2) and (3) of section 3, be deemed to have been done in accordance with law.

Effect of provisions inconsistent with other laws.

34. The provisions of this Act shall have effect notwithstanding any law, custom or usage which is inconsistent therewith.

Power to remove difficulties.

35. If any difficulty arises in giving effect to the provisions of this Act, the President may, by notified order, do anything, not inconsistent with such provisions which appears to him to be necessary or expedient for the purpose of removing the difficulty.

Power to make rules.

36. (1) The Central Government may, by notification in the Official Gazette, make rules to give effect to the provisions of this Act.

(2) 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 successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, 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.

#### THE SCHEDULE

[See section 3 (2)]

#### EXPLANATORY NOTE

The village boundaries and names mentioned in this Schedule have reference to boundaries and names as shown in the sheets of large scale surveys covering relevant areas of Saran and Shahabad districts of the State of Bihar and Ballia district of the State of Uttar Pradesh, conducted by the Survey of India during the period 1881-83, and where such sheets are not available as shown in any other record which the State Governments of Bihar and Uttar Pradesh agree to be relevant within one month from the commencement

of this Act, or in default of such agreement, which the authority referred to in sub-section (2) of section 3 may determine to be the relevant record.

The Ganga and Ghaghra rivers and their high banks wherever mentioned in this Schedule have reference to the geographical river or high bank positions, as the case may be, as shown in the survey records mentioned in the foregoing paragraph.

### *Ganga Sector*

The boundary in this sector shall commence from a point (approximate Latitude  $25^{\circ} 44' 10''$ , Longitude  $84^{\circ} 36' 06''$ ) on the existing fixed boundary between Bihar and Uttar Pradesh, lying between Shitab Diara (Bihar), Mahazi Kondarha (Uttar Pradesh) and Khawaspur (till now in Uttar Pradesh) and located about half mile roughly south-west of the present "abadi" site of Babudera village (near Daljitola). Accordingly, the portion of the present alignment of the above-mentioned existing fixed boundary between this point and the present Ganga river will cease to be the boundary between the States of Bihar and Uttar Pradesh.

2. From this point, the boundary shall run in straight lines within the high banks of the Ganga, connecting successively points (approximate Latitude  $25^{\circ} 44' 12''$ , Longitude  $84^{\circ} 33' 44''$ ), and (approximate Latitude  $25^{\circ} 44' 06''$ , Longitude  $84^{\circ} 33' 46''$ ), placing villages Mahazi Kondarha and Kondarha completely in Uttar Pradesh and village Khawaspur completely in Bihar. From this point, the boundary shall run along the common boundaries of villages Mohanpur and Mandrauli Kans or Tirbhuan, placing them completely in Uttar Pradesh, and Khawaspur, Padumanian, Sohra, Inglis Arazi appg. to Balua Nargada, Piparpati and Salempur Diara Mamluk Sarkar villages placing them completely in Bihar, till it goes to a point (approximate Latitude  $25^{\circ} 43' 35''$ , Longitude  $84^{\circ} 32' 32''$ ) on the high bank of the Ganga. From this point, the boundary shall run in straight lines within the high banks of the Ganga, connecting points (approximate Latitude  $25^{\circ} 43' 26''$ , Longitude  $84^{\circ} 32' 12''$ ), (approximate Latitude  $25^{\circ} 40' 56''$ , Longitude  $84^{\circ} 31' 52''$ ), and (approximate Latitude  $25^{\circ} 40' 30''$ , Longitude  $84^{\circ} 31' 20''$ ), so as to place villages Raghunathpur, Dewakar Dehari, Kewatia, Narainpur, Singhai, Dharampur, Dokti and Mahazi Dokti completely in Uttar Pradesh and villages Salempur Diara Mamluk Sarkar, Salempur Parsa and Tek Semar completely in Bihar.

3. The boundary will then follow the common boundaries of villages Mahazi Dokti, Arazi Zabt, Mahazi Naubarar No. 49, Naubarar

Bandobasti No. 48, Tika Semaria and Nipanian, keeping these villages completely in Uttar Pradesh and villages Zamin Fazil, Suremanpur Harnarain and Bara Singha Buzurg, keeping these villages completely in Bihar, till the boundary reaches point (approximate Latitude  $25^{\circ} 41' 17''$ , Longitude  $84^{\circ} 28' 21''$ ) at the north-west corner of village Bara Singha Buzurg and located within the high banks of Ganga river. From this point, the boundary shall run in a straight line to another point (approximate Latitude  $25^{\circ} 41' 35''$ , Longitude  $84^{\circ} 28' 05''$ ) on the high bank of the Ganga, placing village Nardara in Uttar Pradesh and villages Parsotimpur Babhnauli and Bahoranpur Chakki completely in Bihar. Thence the boundary shall follow the common boundaries of villages Nardara, Nipanian, Patkhauli, Uchitpur, Bahuara, Udhapur, Nauranga and Bhagwanpur keeping these villages completely in Uttar Pradesh, and villages Pipra Ganesh Damodarpur and Jewainian keeping these villages completely in Bihar, till the boundary reaches point (approximate Latitude  $25^{\circ} 41' 34''$ , Longitude  $84^{\circ} 25' 45''$ ) within the high banks of the Ganga. From this point, the boundary shall proceed along the common boundary of village Bhagwanpur and village Bahoranpur, keeping the latter village completely in Bihar, till the boundary reaches point (approximate Latitude  $25^{\circ} 41' 54''$ , Longitude  $84^{\circ} 25' 02''$ ) at the north-west corner of village Bahoranpur.

4. Thence the boundary shall run in straight lines within the high banks of the Ganga connecting successively points (approximate Latitude  $25^{\circ} 41' 55''$ , Longitude  $84^{\circ} 24' 33''$ ) and (approximate Latitude  $25^{\circ} 42' 33''$ , Longitude  $84^{\circ} 24' 11''$ ) so as to place village Nauranga completely in Uttar Pradesh and villages Nauranga Chakki and Sonbarsa on the other hand completely in Bihar. From this point, the boundary shall follow the common boundaries of villages Nauranga, Bhual Chhapra, Pandepur, Rampur and Udai Chhapra keeping these villages completely in Uttar Pradesh and villages Nauranga Chak, Shiupur and Bariarpur, keeping these villages completely in Bihar, till the boundary reaches point (approximate Latitude  $25^{\circ} 43' 55''$ , Longitude  $84^{\circ} 23' 11''$ ), within the high banks of the Ganga. From this point the boundary shall follow the western boundary of Udai Chhapra up to the high bank of the Ganga and then follow the common boundaries of villages Udai Chhapra, Tola Bari Babu, Kaulapat Chhapra Urf Dubey Chhapra 1st Portion, Pachrukha, Tulapur Arazi Mafi Khedan Kuanr and Durjanpur, keeping these villages completely in Uttar Pradesh and villages Tulapur and Sughar Chhapra, keeping these villages and village Durjanpur Chak completely in Bihar, till the boundary reaches a point (approximate Latitude  $25^{\circ} 44' 12''$ , Longitude  $84^{\circ} 22' 41''$ ) on the high bank of Ganga river. The boundary shall then run in straight lines connecting successively points (approximate Latitude



25° 44' 05", Longitude 84° 22' 38") and (approximate Latitude 25° 44' 29", Longitude 84° 22' 04") and shall then continue along the common boundary of villages Durjanpur and Dangrabad, placing them in Uttar Pradesh, and village Shukulpura or Ghinahu Chhapra, placing this village in Bihar, till the boundary reaches point (approximate Latitude 25° 44' 33", Longitude 84° 22' 00"), south of the north-west corner of village Shukulpura and located on the high bank of the river.

5. Thence the boundary shall run straight to point (approximate Latitude 25° 44' 35", Longitude 84° 20' 58") at the south-east corner of Gaighat village and located within the high banks of Ganga river so as to place villages Dangrabad and Bigahi completely in Uttar Pradesh and village Naini Jor completely in Bihar and then run in a straight line till point (approximate Latitude 25° 44' 37", Longitude 84° 20' 50") at the south-west corner of village Gaighat, placing this village in Uttar Pradesh. From this point, the boundary shall run in straight lines within the high banks of the Ganga, connecting successively points (approximate Latitude 25° 44' 37", Longitude 84° 20' 18"), (approximate Latitude 25° 43' 52", Longitude 84° 19' 49"), (approximate Latitude 25° 42' 29", Longitude 84° 19' 54"), approximate Latitude 25° 40' 14", Longitude 84° 19' 35"), and (approximate Latitude 25° 40' 04", Longitude 84° 19' 17"), so as to place villages Baghaunch, Pokhra, Babubel, Haldi, Rikni Chhapra, Hansnagar and Jauhi completely in Uttar Pradesh and villages Naini Jor, Mahuar and Bahaduri Patti completely in Bihar. Thence the boundary shall follow the common village boundaries of village Jauhi placing this village in Uttar Pradesh and villages Bisupur and Jagdishpur on the other hand, placing these two villages in Bihar, till the boundary reaches point (approximate Latitude 25° 39' 54", Longitude 84° 18' 21"). From this point, the boundary shall run straight within the high banks of the Ganga to a point (approximate Latitude 25° 39' 39", Longitude 84° 17' 43") near the north-east corner of village Sapahi and located at the sharp bend of the high bank of the Ganga so as to place village Jauhi in Uttar Pradesh and villages Pandepur and Hirdahi in Bihar. The boundary shall then follow the northern boundary of village Sapahi up to a point (approximate Latitude 25° 39' 35", Longitude 84° 16' 38") at the north-west corner of this village, placing this village completely in Bihar.

6. The boundary shall then run in straight lines within the high banks of the Ganga, connecting successively points (approximate Latitude 25° 39' 43", Longitude 84° 16' 35"), (approximate Latitude 25° 39' 43", Longitude 84° 13' 30"), (approximate Latitude 25° 40' 08", Longitude 84° 12' 28"), (approximate Latitude 25° 42' 06", Longitude 84° 12' 01") and (approximate Latitude 25° 43' 03", Longitude 84° 10' 35"), placing villages Jauhi, Shiupur Diar Gangbarar and

Shiupur Diar completely in Uttar Pradesh and villages Mannipur, Shiupur Diar Chakki, Paranpur, Pharhada, Kharha Tanr Estate No. 1 Taufir, Gangauli Estate No. 1 Taufir, Dubha Estate No. 1 Taufir, Rajapur and Diara Partappur completely in Bihar.

7. Then the alignment of the boundary from this point to point (approximate Latitude  $25^{\circ} 43' 24''$ , Longitude  $84^{\circ} 07' 52''$ ) will be such as to place villages Shiupur Diar, Shiurampur, Dhamauli, Kasimpur, Wazirapur, Bhikhampura, Turk Ballia, Shahpur Dighwara, Sobhapur and Bijaipur in Uttar Pradesh and villages Diara Partappur, Bhirgu Ashram, Diara Jagdishpur and Parsanpah in Bihar.

8. The boundary shall then run in straight lines within the high banks of the Ganga joining points (approximate Latitude  $25^{\circ} 43' 16''$ , Longitude  $84^{\circ} 06' 25''$ ), (approximate Latitude  $25^{\circ} 42' 48''$ , Longitude  $84^{\circ} 05' 28''$ ), (approximate Latitude  $25^{\circ} 41' 40''$ , Longitude  $84^{\circ} 04' 37''$ ), (approximate Latitude  $25^{\circ} 39' 06''$ , Longitude  $84^{\circ} 05' 14''$ ), (approximate Latitude  $25^{\circ} 38' 10''$ , Longitude  $84^{\circ} 04' 59''$ ), (approximate Latitude  $25^{\circ} 37' 33''$ , Longitude  $84^{\circ} 02' 47''$ ) and (approximate Latitude  $25^{\circ} 36' 52''$ , Longitude  $84^{\circ} 01' 10''$ ) consecutively, placing villages Maldepur, Parsi Patti or Chakia, Haibatpur or Begpur, Taranpur, Bansthana, Pandepur appg. to Ismaila, Hasanpur appg. to Takarsand, Anjorpur, Kot, Arazi Diara (appg. to Kot), Naubarar of Shahpur of 1873, Naubarar of Shahpur of 1880, Naubarar of Kulharia 1880, Naubarar of Palia 1881, Naubarar of Sarwanpur 1881, Naubarar of Rai Kishun Patti 1881, Naubarar of Belsipah 1881, Gangbarar of Sheopur and Gangbarar of Sital Patti completely in Uttar Pradesh and villages Parsanpah, Sultanhi, Dilia Estate No. 1 Taufir, Parnahi Kalan, Parnahi Khurd, Umarpur Diara, Sura Tanr or Barkagaon, Nagpura, Padampur, Desar Buzurg, Misraulia, Umarpur Diara, Majharia and Arjunpur completely in Bihar.

9. Thence the boundary will run in straight lines within the high banks of the Ganga, joining successively points (approximate Latitude  $25^{\circ} 34' 09''$ , Longitude  $83^{\circ} 57' 29''$ ) and (approximate Latitude  $25^{\circ} 33' 36''$ , Longitude  $83^{\circ} 55' 51''$ ). The last point is the trijunction of the boundaries of districts Ballia and Ghazipur of Uttar Pradesh and district Shahabad of Bihar.

10. The boundary described above, shall be a continuous line.

#### *Ghaghra Sector*

The boundary in this sector shall commence from a point (approximate Latitude  $25^{\circ} 46' 21''$ , Longitude  $84^{\circ} 37' 15''$ ) on the existing

fixed boundary between Shitab Diara in Bihar and Jazira No. 36 in Uttar Pradesh, located at a distance of about 1 mile north-east of the present village Naukatola.

2. From this point, the boundary shall run in straight lines within the high banks of Ghaghra river, connecting successively points (approximate Latitude  $25^{\circ} 46' 18''$ , Longitude  $84^{\circ} 37' 31''$ ), (approximate Latitude  $25^{\circ} 47' 27''$ , Longitude  $84^{\circ} 37' 36''$ ), (approximate Latitude  $25^{\circ} 49' 29''$ , Longitude  $84^{\circ} 35' 04''$ ), (approximate Latitude  $25^{\circ} 49' 55''$ , Longitude  $84^{\circ} 34' 19''$ ) and (approximate Latitude  $25^{\circ} 50' 21''$ , Longitude  $84^{\circ} 33' 06''$ ) so as to place villages Shitab Diara, Diara Naubarar Godnan, Simaria, Bhadpa Buzurg, Manjhanpura, Kaunru Dhaunru, Manjhi Khas, Diara Manjhi and Mahazi Dumri completely in Bihar and villages Jazira No. 36 and Chand Diara completely in Uttar Pradesh. Thence the boundary shall follow the common boundary between village Mahazi Chand Diara or Dumaria, keeping this village completely in Bihar, and villages Chand Diara and Mahazi Adhsijhua, keeping these villages completely in Uttar Pradesh, till the boundary reaches point (approximate Latitude  $25^{\circ} 51' 31''$ , Longitude  $84^{\circ} 32' 32''$ ) on the high bank of the Ghaghra.

3. Thence the boundary shall run in straight lines within the high banks of the Ghaghra, connecting successively points (approximate Latitude  $25^{\circ} 51' 33''$ , Longitude  $84^{\circ} 32' 39''$ ), (approximate Latitude  $25^{\circ} 52' 33''$ , Longitude  $84^{\circ} 32' 04''$ ), (approximate Latitude  $25^{\circ} 52' 16''$ , Longitude  $84^{\circ} 30' 47''$ ) and (approximate Latitude  $25^{\circ} 53' 08''$ , Longitude  $84^{\circ} 29' 34''$ ) so as to place villages Jazira Harf Be (East), Dumri, Babhnauli or Babhauli, Jazira Harf Be (West), and Domai-garh completely in Bihar and villages Mahazi Adhsijhua and Gopalnagar completely in Uttar Pradesh. The boundary shall then follow the common boundaries between villages Matiar Diara, Mahazi Naubarar Bashishtnagar, Naubarar Ramnagar, Gopalpur and Ramnagar Shumali, keeping these villages completely in Bihar, and villages Gopalnagar, Bashishtnagar, Ramnagar Janubi, Asmanpur, Chatur Bhojpur, Gobindpur, Alagdiari, Zamin Gangbarari Patti Mashrik and Jazira Diara Rampur, keeping these villages completely in Uttar Pradesh, till the boundary reaches point (approximate Latitude  $25^{\circ} 55' 49''$ , Longitude  $84^{\circ} 24' 46''$ ) on the high bank of Ghaghra river.

4. From this point, the boundary shall run in straight lines within the high banks of Ghaghra river, connecting successively points (approximate Latitude  $25^{\circ} 56' 05''$ , Longitude  $84^{\circ} 23' 16''$ ), (approximate Latitude  $25^{\circ} 57' 27''$ , Longitude  $84^{\circ} 21' 21''$ ), (approximate Latitude  $25^{\circ} 56' 36''$ , Longitude  $84^{\circ} 18' 50''$ ), (approximate Latitude  $25^{\circ}$

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56' 39", Longitude 84° 17' 55"), (approximate Latitude 25° 57' 28",  
Longitude 84° 17' 02"), (approximate Latitude 25° 58' 30", Longitude  
84° 14' 49") and (approximate Latitude 25° 58' 38", Longitude 84° 14'  
46"), so as to place villages Siswan, Gangapur, Bhagar Nizamat,  
Kachnar and Sisai Diara, Gabhirar, Diara Gabhirar Mamluk Sarkar,  
Kaunsar Patti Jujhar, Diara Kaunsar Patti Purab, Diara Kaunsar  
Patti Jujhar, Diara Kaunsar Patti Pachhim, Diara Narhan Mamluk  
Sarkar and Narhan Badlu Mokham Patti Kakuliat completely in  
Bihar and villages Jazira Diara Rampur, Diara Bhagar, Diara Nau-  
barar Lakhmi Rai Madho Rai, Diara Lakhmi Rai Madho Rai, Chhap  
Dhanantar, Marwatia Naubarar and Chakki Diara Sultanpur com-  
pletely in Uttar Pradesh.

5. Then the boundary shall follow the common boundaries bet-  
ween villages Narhan Badlu Mokham Patti Kakuliat, Diara Bha-  
Singhpur, Diara Kakuliat or Patti Kakuliat, Adampur, Patar and  
Diara Naubarar Bandobasti Patar, keeping these villages completely  
in Bihar and village Adampur Chakki, keeping this village complete-  
ly in Uttar Pradesh, till the boundary reaches point (approximate  
Latitude 25° 59' 24", Longitude 84° 12' 12") on the high bank of  
Ghaghra river. From this point, the boundary shall run in straight  
lines within the high banks of Ghaghra river, connecting succes-  
sively points (approximate Latitude 25° 59' 15", Longitude 84°  
11' 53") and (approximate Latitude 25° 59' 35", Longitude 84°  
11' 16") so as to place village Diara Naubarar Bandobasti Patar com-  
pletely in Bihar and villages Kakarghatta, Gondauli and Sangapur  
completely in Uttar Pradesh. Thence the boundary shall run straight  
to point (approximate Latitude 25° 59' 38", Longitude 84° 11' 08")  
approximately following the northern boundary of village Bikram-  
pur, placing this village in Uttar Pradesh.

6. From this point, the boundary shall run straight within the  
high banks of Ghaghra river to point (approximate Latitude 25°  
59' 39", Longitude 84° 10' 46") so as to place village Diara Naubarar  
Bandobasti Patar completely in Bihar and village Ailasgarh com-  
pletely in Uttar Pradesh. The alignment thence to point (approximate  
Latitude 26° 01' 27", Longitude 84° 10' 11") will be such  
that village Diara Maniar Tukra I shall be placed in Bihar and  
village Mahazi Maniar Tukra II shall be placed in Uttar Pradesh.

7. From thereon, the boundary shall run in straight lines within  
the high banks of Ghaghra river, connecting successively points  
(approximate Latitude 26° 03' 07", Longitude 84° 08' 21"), (approximate  
Latitude 26° 04' 29", Longitude 84° 07' 26"), approxi-  
mate Latitude 26° 05' 34", Longitude 84° 06' 22"), (approximate

mate Latitude  $26^{\circ} 06' 00''$ , Longitude  $84^{\circ} 05' 27''$ ) and (approximate Latitude  $26^{\circ} 06' 00''$ , Longitude  $84^{\circ} 03' 27''$ ) so as to place villages Kasaila Pachbimia, Diara Kashidat, Diara Harna Tand, Darauli, Doba Karwan, Karamha, Amarpur, Keontallia and Dumarhar Khurd completely in Bihar and villages Dewarah Mahazi Kashidat, Dewarah Harnatar, Dewarah Darauli, Dewarah Karmaha, Dewarah Amarpur, Sisotar and Lilkar completely in Uttar Pradesh. The last point is the trijunction of the boundaries of districts Saran of Bihar and Ballia and Deoria of Uttar Pradesh.

8. The boundary described above, shall be a continuous line.

THE CENTRAL LAWS (EXTENSION TO JAMMU  
AND KASHMIR) ACT, 1968

No. 25 OF 1968

[24th May, 1968]

An Act to provide for the extension of certain Central Laws  
to the State of Jammu and Kashmir

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

Short  
title and  
com-  
mence-  
ment.

1. (1) This Act may be called the Central Laws (Extension to  
Jammu and Kashmir) Act, 1968.

(2) It shall come into force on such date<sup>1</sup> as the Central Govern-  
ment may, by notification in the Official Gazette, appoint.

Exten-  
sion and  
amend-  
ment of  
certain  
laws.

2. (1) The Acts mentioned in the Schedule and all rules, orders  
and regulations made thereunder are hereby extended to, and shall  
be in force in, the State of Jammu and Kashmir.

(2) With effect from the commencement of this Act, the Acts  
mentioned in the Schedule shall be amended as specified therein.

Construc-  
tion of  
referen-  
ces to  
laws not  
in force  
in Jammu  
and  
Kashmir.

3. Any reference in any Act mentioned in the Schedule to a  
law which is not in force in the State of Jammu and Kashmir shall,  
in relation to the State, be construed as a reference to the corres-  
ponding law, if any, in force in that State.

<sup>1</sup> 15-8 1968 ; vide G.S.R. 1482, dated the 2nd July, 1968, Gazette of India 1968,  
Extraordinary, Pt. II, Sec. 3 (i), P. 467.

4. Any reference by whatever form of words in any law for the time being in force in the State of Jammu and Kashmir to any authority competent at the date of the passing of that law to exercise any powers or discharge any functions in that State shall, where a corresponding new authority has been constituted by or under any law now extended to that State, have effect as if it were a reference to the new authority.

Construction of references to authorities where new Authorities have been constituted.

5. If immediately before the commencement of this Act there is in force in the State of Jammu and Kashmir any law corresponding to any Act now extended to that State, that law shall, save as otherwise expressly provided in this Act, stand repealed on such commencement:

Repeals and savings.

Provided that the repeal shall not affect—

- (a) the previous operation of any law so repealed or anything duly done or suffered thereunder,
- (b) any right, privilege, obligation or liability acquired, accrued or incurred under any law so repealed,
- (c) any penalty, forfeiture or punishment incurred in respect of any offence committed against any law so repealed, or
- (d) any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid;

and any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture or punishment may be imposed, as if this Act had not been passed:

Provided further that, subject to the preceding proviso, anything done or any action taken (including any appointment or delegation made, notification, instruction or direction issued, form, bye-law or scheme framed, certificate obtained, permit or licence granted or registration effected) under any such law shall be deemed to have been done or taken under the corresponding provisions of the Act now extended to that State, and shall continue to be in force accordingly unless and until superseded by anything done or any action taken under the said Act.

Powers  
to remove  
difficul-  
ties.

6. (1) If any difficulty arises in giving effect to the provisions of any Act now extended to the State of Jammu and Kashmir, the Central Government may, by order notified in the Official Gazette, make such provisions or give such directions as appear to it necessary for the removal of the difficulty.

(2) In particular, and without prejudice to the generality of the foregoing power, any such notified order may,—

(a) specify the corresponding authorities within the meaning of section 4,

(b) provide for the transfer of any matter pending immediately before the commencement of this Act before any court, tribunal or other authority, to any corresponding court, tribunal or other authority for disposal,

(c) specify the areas or circumstances in which, or the extent to which, or the conditions subject to which, anything done or any action taken (including any of the matters specified in the second proviso to section 5) under any law repealed by that section shall be recognised or given effect to under the corresponding provision of the Act now extended.

#### THE SCHEDULE

(See section 2)

#### ACTS

##### THE OFFICIAL TRUSTEES ACT, 1913

(2 OF 1913)

Section 1.—In sub-section (2), omit “except the State of Jammu and Kashmir”.

##### THE MOTOR VEHICLES ACT, 1939

(4 OF 1939)

Section 1.—In sub-section (2), omit “except the State of Jammu and Kashmir”.

Section 2.—Omit clause (9A).

Section 9.—Omit sub-sections (2) and (4).

Section 28.—Omit sub-sections (2), (3), (4) and (5).

Section 29.—In sub-section (1),—

(a) in clause (a) omit “or”;



(b) omit clause (b).

Section 38.—For sub-section (4), substitute—

“(4) A certificate of fitness issued under this Act shall, while it remains effective, be valid throughout India.”.

Section 42.—In sub-section (3), omit clause (h).

Section 63.—Omit sub-section (5).

Section 96.—(a) In sub-section (2A), omit “in the State of Jammu and Kashmir or” and in the proviso, omit “of the State of Jammu and Kashmir or”;

(b) In sub-section (6), omit “of the State of Jammu and Kashmir or”;

*The Sixth Schedule.*—In the first and second columns, after “West Bengal” and the entry relating thereto in the second column, insert “Jammu and Kashmir” and “J & K” respectively.

THE CHARTERED ACCOUNTANTS ACT, 1949  
(38 OF 1949)

Section 1.—In sub-section (2), omit “except the State of Jammu and Kashmir”.

THE TRANSFER OF PRISONERS ACT, 1950  
(29 OF 1950)

Section 1.—In sub-section (2), omit “except the State of Jammu and Kashmir”.

THE ROAD TRANSPORT CORPORATIONS ACT, 1950  
(64 OF 1950)

Section 1.—In sub-section (2), omit “the State of Jammu and Kashmir and”.

THE MINES ACT, 1952  
(35 OF 1952)

Section 1.—In sub-section (2), omit “except the State of Jammu and Kashmir”.

THE NOTARIES ACT, 1952  
(53 OF 1952)

Section 1.—In sub-section (2), omit “except the State of Jammu and Kashmir”.

Section 2.—(a) Omit clause (a);

(b) In the proviso to clause (d)—

(i) for “either under”, substitute “under”;

172 *Central Laws (Extension to Jammu and Kashmir)*. [ACT 25

(ii) omit "or by the Master of Faculties in England";

(iii) for "any part of India", substitute—

"any part of India:

Provided further that in relation to the State of Jammu and Kashmir the said period of two years shall be computed from the date on which this Act comes into force in that State;".

Section 9.—In sub-section (2), insert—

"Provided that in relation to the State of Jammu and Kashmir the said period of two years shall be computed from the date on which this Act comes into force in that State."

THE ESSENTIAL COMMODITIES ACT, 1955

(10 OF 1955)

Section 1.—In sub-section (2), omit "except the State of Jammu and Kashmir".

THE COMPANIES ACT, 1956

(1 OF 1956)

Section 1.—In sub-section (3),—

(a) omit first proviso;

(b) in the second proviso, omit "further".

Section 3.—In sub-clause (f) (2) of clause (ii) of sub-section (1), insert at the end "in so far as banking, insurance and financial corporations are concerned, and before the commencement of the Central Laws (Extension to Jammu and Kashmir) Act, 1968 in so far as other corporations are concerned".

After section 620B, insert—

"Special provision as to companies in Jammu and Kashmir

15.8.68  
Special provision as to companies in Jammu and Kashmir.

620C. The Central Government may by notification in the Official Gazette, direct that with effect from the commencement of the Central Laws (Extension to Jammu and Kashmir) Act, 1968 or any subsequent date, any of the provisions of this Act specified in the notification shall not apply, or shall apply only with such exceptions and modifications or adaptations as may be specified in the notification, to—

(a) any existing company in the State of Jammu and Kashmir;

(b) any company registered in that State under this Act after the commencement of the Central Laws (Extension to Jammu and Kashmir) Act, 1968.”.

THE COST AND WORKS ACCOUNTANTS ACT, 1959  
(23 OF 1959)

*Section 1.*—In sub-section (2), omit “except the State of Jammu and Kashmir”.

THE APPRENTICES ACT, 1961  
(52 OF 1961)

*Section 1.*—In sub-section (2), omit “except the State of Jammu and Kashmir”.

THE ADMINISTRATORS-GENERAL ACT, 1963  
(45 OF 1963)

*Section 1.*—In sub-section (2), omit “except the State of Jammu and Kashmir”.

*Section 20.*—(a) In sub-section (1), for “the territories to which this Act extends” substitute “India”;

(b) after sub-section (2), insert—

“(3) Any probate or letters of administration granted by the High Court for the State of Jammu and Kashmir before the commencement of the Central Laws (Extension to Jammu and Kashmir) Act, 1968 shall, after such commencement, be as effective as if such probate or letters of administration had been granted under this section.”.

Omit section 21.

*Section 37.*—(a) In clause (a), for “to which this Act extends”, substitute “in India”;

(b) Omit “or in the State of Jammu and Kashmir”.

*Section 56.*—For “the territories to which this Act extends” and for “the said territories”, substitute “India”.

THE PONDICHERRY (EXTENSION OF LAWS) ACT, 1968  
No. 26 OF 1968

[24th May, 1968]

An Act to extend certain Central Acts to the Union territory of  
Pondicherry.

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

Short  
title.

1. This Act may be called the Pondicherry (Extension of Laws)  
Act, 1968.

Definitions.

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

(a) "Act" means an Act or the Ordinance specified in the  
Schedule;

(b) "Administrator" means the administrator of Pondi-  
cherry appointed by the President under article 239 of the  
Constitution;

(c) "Pondicherry" means the Union territory of Pondi-  
cherry.

Extension  
with  
amend-  
ments of  
certain  
laws to  
Pondi-  
cherry and  
their  
commence-  
ment  
therein.

3. (1) The Acts specified in Part I of the Schedule as they are  
generally in force in the territories to which they extend and the  
Acts specified in Part II of the Schedule as they were in force on the  
1st day of August, 1966, in the State or Union territory mentioned  
thereagainst shall extend to Pondicherry, subject to the modifica-  
tions, if any, specified in the Schedule.

(2) Notwithstanding anything contained in sub-section (1), or  
in the relevant provision, if any, of each such Act for the commence-  
ment thereof, the provisions of each such Act shall come into force  
in Pondicherry on such date as the Administrator may, by notifica-  
tion in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of any Act and any reference in any such provision to the commencement of the Act shall be construed as a reference to the coming into force of that provision.

4. (1) Any law in force in Pondicherry or any area thereof corresponding to any Act referred to in sub-section (1) of section 3 or any part thereof (except in so far as such law continues to be applicable to Renoncants) shall stand repealed as from the coming into force of such Act in Pondicherry. Repeal and saving.

(2) Nothing in sub-section (1) shall affect—

(a) the previous operation of any law so repealed or anything duly done or suffered thereunder; or

(b) any right, privilege, obligation or liability acquired, accrued or incurred under any law so repealed; or

(c) any penalty, forfeiture or punishment incurred in respect of any offence committed against any law so repealed; or

(d) any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid,

and any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if this Act had not been passed:

Provided that anything done or any action taken (including any appointment or delegation made, notification, instruction or direction issued, form, bye-law or scheme framed, certificate obtained, permit or licence granted, or registration effected) under any such law, shall be deemed to have been done or taken under the corresponding provision of the Act extended to Pondicherry by this Act and shall continue to be in force accordingly unless and until superseded by anything done or any action taken under the said Act.

5. All rules, notifications, orders, regulations and bye-laws made or issued by the Central Government under the provisions of any Act generally for the territories to which such Act extends shall, as from the commencement of the provisions of such Act in Pondicherry, extend to, and come into force in, Pondicherry. Extension of rules, orders, etc., under certain laws.

6. (1) In any Act or in any of the rules, notifications, orders, regulations and bye-laws made or issued thereunder and extended to Pondicherry by this Act,— Rules of Construction.

(a) any reference to any provision of law not in force, or to any functionary not in existence, in Pondicherry shall be

construed as a reference to the corresponding law in force, or to the corresponding functionary in existence, in that Union territory:

Provided that—

(i) if any question arises as to who such corresponding functionary is, or

(ii) if there is no such corresponding functionary, the Administrator shall decide as to who such functionary will be and his decision shall be final;

(b) any reference to the State Government shall be construed as a reference to the Central Government and also as including a reference to the Administrator.

(2) For the purpose of facilitating the application in relation to Pondicherry of any Act or any rule, notification, order, regulation or bye-law made or issued thereunder, any court or other authority may construe it in such manner, not affecting the substance, as may be necessary or proper to adapt it to the matter before the court or other authority.

Power to  
remove  
diffi-  
culties.

7. If any difficulty arises in giving effect in Pondicherry to the provisions of any Act extended by this Act to Pondicherry, the Central Government may, as occasion may require, by order, make such provisions or give such directions not inconsistent with the provisions of such Act as appear to it to be necessary for the purpose of removing the difficulty and any such order may provide for the transfer of any matter pending before any court, tribunal or other authority immediately before the commencement of such Act in Pondicherry to any corresponding court, tribunal or authority for disposal:

Provided that no such order shall be made under this section in respect of any Act after the expiration of two years from the date on which such Act comes into force in Pondicherry and in respect of an Act, the provisions of which are brought into force in Pondicherry on different dates, the period of two years shall be reckoned with reference to the commencement of the relevant provision as specified in the proviso to sub-section (2) of section 3.

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## THE SCHEDULE

[See section 3(1)]

## PART I

Year	No.	Short title	Modifications
1	2	3	4
1839	32	The Interest Act, 1839.	
1850	12	The Public Accountants' Default Act, 1850.	
1850	18	The Judicial Officers Protection Act, 1850.	
1850	21	The Gaste Disabilities Removal Act, 1850.	
1851	8	The Indian Tolls Act, 1851.	
1855	12	The Legal Representatives' Suits Act, 1855.	
1855	13	The Indian Fatal Accidents Act, 1855.	
1856	9	The Indian Bills of Lading Act, 1856.	
1856	12	The Civil Courts Amins Act, 1856.	
1859	9	The Forfeiture Act, 1859.	
1863	23	The Waste Lands (Claims) Act, 1863.	

Year	No.	Short title	Modifications
	1		
	2		
	3		4
1864	15	The Indian Tolls Act, 1864.	
1865	3	The Carriers Act, 1865.	
1866	21	The Converts' Marriage Dissolution Act, 1866.	After section 1, insert :— “2. Nothing contained in this Act shall apply to Saving- the Renoncants of the Union territory of Pondicherry.”
1872	9	The Indian Contract Act, 1872.	In section 1, at the end, insert :— “Provided that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondi- cherry.”
1872	15	The Indian Christian Marriage Act, 1872.	
1873	10	The Indian Oaths Act, 1873.	
1875	9	The Indian Majority Act, 1875.	In section 1, at the end, insert :— “Provided that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondi- cherry.”
1880	1	The Religious Societies Act, 1880.	
1880	12	The Kazis Act, 1880.	
1880	13	The Vaccination Act, 1880.	
1882	4	The Transfer of Property Act, 1882.	
1882	5	The Indian Easements Act, 1882.	
1882	7	The Powers-of-Attorney Act, 1882.	



1887	7	The Suits Valuation Act, 1887.
1887	9	The Provincial Small Cause Courts Act, 1887.
1890	1	The Revenue Recovery Act, 1890.
1890	8	The Guardians and Wards Act, 1890.
1891	18	The Bankers' Books Evidence Act, 1891.
1893	4	The Partition Act, 1893.
1894	9	The Prisons Act, 1894.
1897	3	The Epidemic Diseases Act, 1897.
1899	4	The Government Buildings Act, 1899.
1900	3	The Prisoners Act, 1900.
1908	16	The Indian Registration Act, 1908.
1914	9	The Local Authorities Loans Act, 1914.
1916	15	The Hindu Disposition of Property Act, 1916.
1917	5	The Destruction of Records Act, 1917.
1918	10	The Usurious Loans Act, 1918.
1919	12	The Poisons Act, 1919.
1920	5	The Provincial Insolvency Act, 1920.
1920	10	The Indian Securities Act, 1920.
1920	15	The Indian Red Cross Society Act, 1920.
1920	32	The Identification of Prisoners Act, 1920.
1921	18	The Maintenance Orders Enforcement Act, 1921.

In section 1, after sub-section (2), insert :—

“Provided that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondicherry.”

In section 1, after sub-section (2), insert:—

“Provided that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondicherry.”

Year No.	Short title	Modifications
I	2	4
	3	
1922	7 The Emigration Act, 1922.	
1922	22 The Police (Incitement to Disaffection) Act, 1922.	
1923	5 The Indian Boilers Act, 1923.	
1928	12 The Hindu Inheritance (Removal of Disabilities) Act, 1928.	In section 1, in sub-section (3), add at the end :— “or to the Renoncants of the Union territory of Pondicherry.”
1929	19 The Child Marriage Restraint Act, 1929.	In section 1, after sub-section (2), insert :— “Provided that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondicherry.”
1930	3 The Sale of Goods Act, 1930.	
1930	30 The Hindu Gains of Learning Act, 1930.	
1936	3 The Parsi Marriage and Divorce Act, 1936.	In section 1, in sub-section (2), after the proviso, insert :— “Provided further that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondicherry.”
1937	26 The Muslim Personal Law ( <i>Shariat</i> ) Application Act, 1937.	In section 1, after sub-section (2), insert :— “Provided that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondicherry.”
1939	8 The Dissolution of Muslim Marriages Act, 1939.	In section 1, after sub-section (2), insert :— “Provided that nothing contained in this Act shall apply to the Renoncants of the Union territory of Pondicherry.”
1939	30 The Commercial Documents Evidence Act, 1939.	
1940	10 The Arbitration Act, 1940.	
1943	9 The Reciprocity Act, 1943.	

- 1944 38 The Criminal Law Amendment Ordinance, 1944.
- 1945 .. The International Monetary Fund and Bank Act, 1945.
- 1947 43 The United Nations (Security Council) Act, 1947.
- 1947 46 The United Nations (Privileges and Immunities) Act, 1947.
- 1948 41 The Diplomatic and Consular Officers (Oaths and Fees) Act, 1948.
- 1950 29 The Transfer of Prisoners Act, 1950.
- 1950 64 The Road Transport Corporations Act, 1950.
- 1950 74 The Telegraph Wires (Unlawful Possession) Act, 1950.
- 1951 50 The Tariff Commission Act, 1951.
- 1951 54 The Companies (Donations to National Funds) Act, 1951.
- 1951 61 The All-India Services Act, 1951.
- 1952 35 The Mines Act, 1952.
- 1952 53 The Notaries Act, 1952.
- 1954 29 The Wakf Act, 1954.
- 1955 32 The Prisoners (Attendance in Courts) Act, 1955.
- 1955 42 The Prize Competitions Act, 1955.
- 1955 45 The Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955.

## Modifications

4

Year	No	Short title	Modifications
1956	3	The University Grants Commission Act, 1956.	
1956	31	The Life Insurance Corporation Act, 1956.	
1956	32	The Hindu Minority and Guardianship Act, 1956.	In section 3, after sub-section (2), insert :— “(2A) Notwithstanding anything contained in sub-section (1), nothing contained in this Act shall apply to the Residents of the Union territory of Pondicherry.”
1956	42	The Securities Contracts (Regulation) Act, 1956.	
1956	78	The Hindu Adoptions and Maintenance Act, 1956.	In section 2, after sub-section (2), insert :— “(2A) Notwithstanding anything contained in sub-section (1) nothing contained in this Act shall apply to the Residents of the Union territory of Pondicherry.”
1956	93	The Young Persons (Harmful Publications) Act, 1956.	
1956	96	The Slum Areas (Improvement and Clearance) Act, 1956.	
1956	104	The Suppression of Immoral Traffic in Women and Girls Act, 1956.	
1958	20	The Probation of Offenders Act, 1958.	
1958	21	The Rice-Milling Industry (Regulation) Act, 1958.	
1958	29	The Working Journalists (Fixation of Rates of Wages) Act, 1958.	
1958	42	The International Finance Corporation (Status, Immunities and Privileges) Act, 1958.	
1960	6	The Geneva Conventions Act, 1960.	
1960	32	The International Development Association (Status, Immunities and Privileges) Act, 1960.	

In section 1, after sub-section (2), insert :—

- “(3) Notwithstanding anything contained in sub-section (2) the provisions of this Act shall, in their application to the Union territory of Pondicherry, have effect subject to the modifications specified in the Schedule.”

After section 7, add :—

**THE SCHEDULE**

[See section 1(3)]

*Modifications of the Act in its application to the Union territory of Pondicherry*

1. Sections 3 and 4 shall be omitted.
2. In section 4A, for the words, brackets, letters and figures “twenty-seven and a half per cent. of the aggregate of (f) the stipulated dividend, and (g) an amount equal to eleven per cent. of the stipulated dividend as specified in sub-section (g) of section 3”, the following shall be substituted, namely :—

“twenty-seven and a half per cent. of the stipulated dividend.”

Provided that in a case where the preference shares in respect of which the dividend is declared or paid form part of the preference share capital of a company which, in respect of the greater part of its total income, is entitled to a deduction from the tax chargeable from it under the Income-tax Act, 1961 (43 of 1961), under a notification issued by the Central Government under section 294A of that Act, the reference to twenty-seven and a half per cent. of the stipulated dividend shall be construed as a reference to—

- (f) where the stipulated dividend in respect of such preference share is declared or paid in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1965, the said twenty-seven and a half per cent. as reduced by forty-five per cent. thereof;

Year	No.	Short title	Modifications
1	2	3	4

(ii) where such dividend is declared or paid in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1966, the said twenty-seven and a half per cent. as reduced by twenty-five per cent. thereof;

(iii) where such dividend is declared or paid in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1967, or the 1st day of April, 1968, or the 1st day of April, 1969, the said twenty-seven and a half per cent. as reduced by ten per cent. thereof.

*Explanation.*—For the removal of doubts it is hereby declared that any reference in this section to deduction made from a dividend on account of the income-tax payable by the company does not include any amount deducted by the company from that dividend under section 194 of the Income-tax Act, 1961 (43 of 1961)."

3. In section 3, sub-section (2) shall be omitted.

4. Section 6 shall be omitted.

In section 3, in sub-section (1),—

(1) in clause (a), omit "Madras";

(2) re-letter clause (c) (inserted by Regulation 8 of 1963) as clause (cc) and before the clause as so re-lettered, insert:—

"(cc) for the State of Madras and the Union Territory of Pondicherry to be known as the Bar Council of Madras."

After section 58A, insert :—

“58AA. *Special Provisions in relation to the Union territory of Pondicherry.*—(1) Notwithstanding anything contained in this Act, all persons who immediately before the date on which the provisions of Chapter III are brought into

force in the Union territory of Pondicherry, were entitled to practise the profession of law (whether by way of pleading or acting or both) under any law in force in the said Union territory or who would have been so entitled had they not been in public service on the said date, shall, for the purposes of clause (g) of sub-section (1) of section 17, be deemed to be persons who were entered as advocates on the roll of a High Court under the Indian Bar Councils Act, 1926, and every such person may, on an application made in this behalf within such time as may be specified by the Bar Council of Madras, be admitted as an advocate on the State roll maintained in respect of the said Union territory.”

(2) Notwithstanding anything contained in this Act, every person who, immediately before the date on which the provisions of Chapter IV are brought into force in the Union territory of Pondicherry, was practising the profession of law (whether by way of pleading or acting or both or in any other way) by virtue of the provisions of any law in force in the said Union territory, who does not elect to be or is not qualified to be, enrolled as an advocate under sub-section (1), shall, notwithstanding the repeal of the relevant provisions of such law by the Pondicherry (Extension of Laws) Act, 1968, continue to enjoy the same rights as respects practice in any court or revenue office or before any authority or person and be subject to the disciplinary jurisdiction of the same authority which he enjoyed, or, as the case may be, to which he was subject, immediately before the said date and accordingly the relevant provisions of the law aforesaid shall have effect in relation to such persons as if they had not been repealed.”

1961	28	The Dowry Prohibition Act, 1961.
1961	45	The Foreign Awards (Recognition and Enforcement) Act, 1961.

## PART II

Year	No.	Short title	In force in a State or a Union territory	4	5	Modifications
1870	7	The Court-fees Act, 1870.	As in force in the Union territory of Andaman and Nicobar Islands on the 1st day of August, 1966.			In section 2, for clause (b), substitute :— “(b) ‘State Government’ in relation to the Union territory of Pondicherry means the administrator thereof.”
1899	2	The Indian Stamp Act, 1899.	As in force in the State of Madras on the 1st day of August, 1966.			In section 2, after clause (25), insert :— “(26) ‘State Government’ in relation to the Union territory of Pondicherry means the administrator thereof.”  In section 3, omit the first and second provisos.  In section 19A,— (a) for ‘‘Presidency of Madras’’, substitute ‘‘Union territory of Pondicherry’’; (b) for ‘‘Presidency’’, substitute ‘‘Union territory’’
						In section 57, in sub-section (i), omit ‘‘and’’ at the end of clause (d) and after clause (e) insert :— “(e) if it arises in the Union territory of Pondicherry, to the High Court of Madras.”
						In section 75A, for sub-section (2), substitute :— “(2) Every rule made under this Act shall, as soon as may be after it is made, be laid before the Legislative Assembly while it is in session for a total period of fourteen days which may be comprised in one session



or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, the Legislative Assembly makes any modification in the rule or decides that any such rule should not be made, that 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."

In Schedule I—

(i) in entry 9, omit the Exemption;

(ii) in entry 15, for "Madras Court-fees and Suits Valuation Act, 1955 (Madras Act XIV of 1955)" substitute "Court-fees Act, 1870 (7 of 1870)";

(iii) omit entry 20A;

(iv) in entry 52, in clause (d), for "Administrator General's Act, 1913 (Central Act III of 1913), section 25" substitute "Administrators-General Act, 1963 (45 of 1963), section 22".

5 The Code of Civil Procedure, As in force in the State of Madras on the 1st day of August, 1966.

1968

After section 45, insert :-  
"45A. Execution of decrees, etc. passed or made before the commencement of the Code in Pondicherry.—Any judgement, decree or order passed or made before the commencement of this Code by any civil court in the Union territory of Pondicherry shall, for the purpose of execution, be deemed to have been passed or made under this Code."

Provided that nothing contained in this section shall be construed as extending the period of limitation

*to which any provision in respect of  
but judgment, decree or order may  
be subject*

THE CIVIL DEFENCE ACT, 1968

No. 27 OF 1968

[24th May, 1968]

An Act to make provision for civil defence and for matters connected therewith.

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

CHAPTER I

PRELIMINARY

Short  
title,  
extent  
and com-  
mence-  
ment.

1. (1) This Act may be called the Civil Defence Act, 1968.

(2) It extends to the whole of India.

(3) It shall come into force in a State or part thereof on such date<sup>1</sup>, not being a date earlier than the date of the expiry of the Defence of India Act, 1962, as the Central Government may, by notification, appoint and different dates may be appointed for different States or different parts thereof. 51 of 1962.

Defini-  
tions.

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

(a) "civil defence" includes any measures, not amounting to actual combat, for affording protection to any person, property, place or thing in India or any part of the territory thereof against any hostile attack, whether from air, land, sea or other places, or, for depriving any such attack of the whole or part of its effect, whether such measures are taken before, during, at or after the time of such attack;

<sup>1</sup>10-7-1968 (in the whole of India), vide S.O. 2435, dated the 5th July, 1968, Gazette of India, 1968, Extraordinary, Pt. II, Sec. 3(ii), P. 761.

(b) "Civil Defence Corps" means the Corps formed wholly or mainly to meet the needs of civil defence and includes an organisation deemed to be a Corps under the proviso to sub-section (1) of section 4;

(c) "hostile attack" means any attack by any person or body of persons, whether during any war, external aggression, internal disturbance or otherwise which endangers the security of any life, property, place or thing in India or any part of the territory thereof;

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

(e) "personal service injury" has the meaning assigned to it in the Personal Injuries (Emergency Provisions) Act, 1962;

(f) "State Government", in relation to a Union territory, means the Administrator of the Union territory.

## CHAPTER II

### POWER OF CENTRAL GOVERNMENT TO MAKE RULES FOR CIVIL DEFENCE

3. (1) The Central Government may, for securing civil defence, by notification, make rules providing for all or any of the following matters, namely:— Power to make rules for civil defence.

(a) preventing the prosecution of any work likely to prejudice civil defence;

(b) instruction of members of the public regarding civil defence and their equipment for the purposes of such defence;

(c) provision, storage and maintenance of commodities and things required for civil defence;

(d) prohibiting or regulating traffic, and the use of vessels, buoys, lights and signals in ports and territorial, tidal and inland waters;

(e) control of lights and sounds;

(f) protection of life and property by taking fire prevention and other measures;

(g) securing of any buildings, premises or other structures from being readily recognisable in the event of a hostile attack;

(h) for the prevention of danger to life or property, the demolition, destruction or rendering useless, of any building, premises or other structures or any other property;

(i) prohibiting or regulating the possession, use or disposal of—

(i) explosives, inflammable substances, corrosive and other dangerous substances or articles, arms and ammunition;

(ii) vessels;

(iii) wireless telegraphic apparatus;

(iv) aircraft; and

(v) photographic and signalling apparatus and any means of recording information;

(j) evacuation of areas and the removal of property or animals therefrom;

(k) accommodation in any area of persons evacuated from another area and the regulation of the conduct of evacuated persons accommodated in such area;

(l) billeting of evacuated person or persons authorised to perform functions under this Act;

(m) salvage of damaged buildings, structures and property and disposal of the dead;

(n) seizure and custody or destruction of injured, unclaimed or dangerous animals;

(o) ensuring the safety of—

(i) ports, dockyards, lighthouses, lightships, aerodromes and facilities associated with aerial navigation;

(ii) railways, tramways, roads, bridges, canals and all other means of transport by land or water;

(iii) telegraphs, post offices, signalling apparatus and all other means of communication;

(iv) sources and systems of water supply, works for the supply of water, gas or electricity and all other works for public purposes;

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(v) vessels, aircraft, transport vehicles as defined in the Motor Vehicles Act, 1939, and rolling stocks of railways and tramways;

(vi) warehouses and all other places used or intended to be used for storage purposes;

(vii) mines, oilfields, factories or industrial or commercial undertakings generally, or any mine, oilfield, factory or industrial or commercial undertaking in particular;

(viii) laboratories and institutions where scientific or technological research or training is conducted or imparted;

(ix) all works and structures being part of, or connected with, anything earlier mentioned in this clause; and

(x) any other place or thing used or intended to be used for the purposes of Government or a local authority or a semi-Government or autonomous organisation, the protection of which is considered necessary or expedient for securing civil defence;

(p) control of any road or pathway, waterway, ferry or bridge, river, canal or other source of water supply;

(q) precautionary measures, which the Government or any department thereof or any local authority, members of police force, fire brigade and members of any other service or authority employed primarily for purposes other than civil defence purposes should be required to take within their respective jurisdictions or with respect to any personnel employed by them;

(r) preventing or controlling any use of uniforms, whether official or otherwise, or flags or official decorations like medals, badges or other insignia or anything similar thereto; the wearing of which is calculated to deceive or to prejudice civil defence;

(s) precautions to be taken or action to be taken by persons or authorities with a view to protecting or acquainting the general public or any members thereof against the dangers involved in any apprehended hostile attack;

(t) requiring the owner or occupier of any building, structure or premises to make or carry out such arrangements as may be necessary for the purposes of detection and prevention of fire;

(u) taking of specified measures for dealing with outbreaks of fire;

(v) directing that, subject to any specified exemption, no person present in any specified area shall, between such hours as may be specified, be out of doors except under the authority of a written permit granted by a specified authority or person;

(w) (i) prohibiting the printing and publication of any newspaper, news-sheet, book or other document containing matters prejudicial to civil defence;

(ii) demanding security from any press used for the purpose of printing or publishing, and forfeiting the copies of, any newspaper, news-sheet, book or other document containing any of the matters referred to in sub-clause (i);

(x) regulating the conduct of persons in respect of areas the control of which is considered necessary or expedient, and removal of persons from such areas;

(y) requiring any person or class of persons to comply with any scheme of civil defence;

(z) any other provision which may be necessary for the purposes of civil defence;

(2) Any rule made under sub-section (1) may provide that orders with regard to the matters specified therein may be made by the State Government.

~~(3) Any rule made under sub-section (1) may provide that a contravention thereof or any order made thereunder shall be punishable with fine which may extend to five hundred rupees, and where the contravention is a continuing one, with a further fine which may extend to fifty rupees for every day, after the first, during which such contravention continues.~~

### CHAPTER III

#### CIVIL DEFENCE CORPS

Constitu-  
tion of  
Civil De-  
fence  
Corps.

4. (1) The State Government may constitute, for any area within the State, a body of persons to be called the Civil Defence Corps (hereinafter referred to as the "Corps") and may appoint a person, not being, in its opinion, below the rank of a District Magistrate (to be known as the "Controller") to command such Corps:

Provided that if there is in existence in any area in a State, immediately before the commencement of this Act in that area, an organisation which, in the opinion of the State Government, may be entrusted with the functions of the Corps, the State Government may, instead of constituting a separate Corps for such area, call upon that organisation to take over or discharge the functions of the Corps in that area, and thereupon such organisation shall be deemed, for the purposes of this Act, to be the Corps for that area.

(2) The State Government may, for the purpose of co-ordinating the activities of the Controllers within the State, appoint a Director of Civil Defence and every Controller shall comply with the directions given by such Director.

5. (1) The State Government may appoint as members of the Corps persons who are fit and willing to serve as such and the Controller may appoint any member so appointed to such office or command in the Corps, as such member is, in the opinion of the Controller, fit to hold.

Appoint-  
ment of  
members  
and  
officers.

(2) Every person appointed to be a member of the Corps shall be given a certificate of membership in such form as may be prescribed.

6. (1) Where any member of the Corps fails or has failed, in the opinion of the Controller, to discharge his duties as such member satisfactorily or is or has been found guilty of any misconduct in the discharge of his duties as such member, the Controller may, after an inquiry in which such member of the Corps has been given a reasonable opportunity of being heard in respect of the charges against him, by an order, dismiss such member from the Corps.

Dismissal  
of mem-  
bers of  
Civil De-  
fence  
Corps.

(2) Where the Controller is of opinion that the continued presence of any member of the Corps is undesirable, he may, without assigning any reason, summarily dismiss such member from the Corps.

7. A member of the Corps who is dismissed from the Corps under section 6 may prefer an appeal to the State Government within thirty days from the date of such dismissal and that Government may, on such appeal, confirm, modify or reverse the order made by the Controller or other authority.

Appeal

8. (1) The members of the Corps shall perform such functions in relation to the carrying out of measures for civil defence as may be assigned to them by rules made under this Act or by any other law for the time being in force.

Functions  
of mem-  
bers of  
Civil De-  
fence  
Corps.

(2) The State Government or the Controller may, by order, call out a member of the Corps for training or for discharging such functions in relation to the carrying out of measures for civil defence as may be specified in such order.

(3) Subject to such orders as the Central Government may make in this behalf, any member of the Corps of any State may at any time be required, by order, to discharge functions in relation to civil defence in any other State and shall while discharging such functions, be deemed to be a member of the Corps of that other State and be vested with the powers, functions and privileges and be subject to the liabilities of a member of the Corps in that other State.

Power to  
make re-  
gulations.

9. (1) The Central Government may, by notification, make regulations for carrying out the purposes of this Chapter.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may—

(a) prescribe the functions of the members of the Corps and regulate the manner in which they may be called out for service;

(b) regulate the organisation, appointment, conditions of service, discipline, accoutrement and clothing of members of any or all of the Corps;

(c) prescribe the form of certificates of membership of any or all of the Corps.

#### CHAPTER IV

#### MISCELLANEOUS

Provi-  
sions of  
the Per-  
sonal In-  
juries  
(Emer-  
gency  
Provi-  
sions)  
Act to  
apply to  
injuries  
sustained  
by the  
mem-  
bers of the  
Corps.

10. The provisions of the Personal Injuries (Emergency Provisions) Act, 1962, and of every scheme made thereunder shall apply, 59 of 1962 so far as may be, to every personal service injury sustained by any person appointed to be a member of the Corps as they apply to personal service injury sustained by a civil defence volunteer, subject to the modifications that—

(a) any reference to a civil defence volunteer under that Act or any scheme made thereunder shall be construed as reference to a member of the Corps; and

(b) any reference therein to the period of emergency shall, in relation to a member of the Corps, be construed as the period during which this Act is in force.



11. (1) If any member of the Corps on being called out by an order under sub-section (2) of section 8 neglects or refuses without sufficient excuse to obey such order or to discharge his functions as such member or to obey any lawful order or direction given to him for the performance of his functions, he shall be punishable with fine which may extend to five hundred rupees, and where such neglect or refusal is a continuing one, with a further fine which may extend to fifty rupees for every day, after the first, during which such contravention continues. Penalties.

~~(2) If any person neglects or fails without any reasonable excuse to obey any order made or direction given to him under this Act or rules made thereunder, he shall be punishable with fine which may extend to five hundred rupees, and where such negligence or failure is a continuing one, with a further fine which may extend to fifty rupees for every day, after the first, during which such negligence or failure continues.~~ (Sxxx)

12. (1) The provisions of this Act or any rules made thereunder or any order made under this Act or any such rule shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument having effect by virtue of any enactment other than this Act.

Effect of Act and rules, etc., inconsistent with other enactments.

(2) Every appointment, order or rule made in relation to civil defence before the commencement of this Act by or under any law relating to civil defence shall, in so far as it is not inconsistent with the provisions of this Act, continue to be in force until it is rescinded or altered under this Act, and be deemed to have been made under the corresponding provisions of this Act.

*Explanation.*—"Commencement of this Act", in relation to any provision or area, means the commencement of that provision or, as the case may be, the commencement of this Act in that area.

13. Any authority or person acting in pursuance of this Act shall interfere with the ordinary avocations of life and the enjoyment of property as little as may be consonant with the purpose of ensuring the public safety and civil defence.

Ordinary avocations of life to be interfered with as little as possible.

Savings  
as to  
orders.

14. (1) No order made in exercise of any power conferred by or under this Act shall be called in question in any court.

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

1 of 1872.

Act not to  
apply to  
measures  
taken for  
the pro-  
tection  
of the  
Armed  
Forces.

15. Nothing contained in this Act or any rule, regulation or order made thereunder shall apply to the Armed Forces of the Union or to any measures taken by any of the authorities in control of the Armed Forces of the Union for the purpose of securing civil defence or safety of such forces or for the protection of any naval, military or air force installations or stores.

Limita-  
tion of  
prosecu-  
tions.

16. No prosecution for any offence punishable under this Act shall be instituted against any person except by, or with the consent of, the Controller or any person authorised by the Controller in this behalf.

Power to  
delegate.

17. The State Government may, by notification, direct that—

(a) all or any of the powers which may be exercised by it under this Act shall, in such circumstances and under such conditions, if any, as may be specified in that notification, be exercised also by such officer, not being, in the opinion of the State Government, inferior in rank to that of a District Magistrate, as may be specified in the said notification;

(b) all or any of the powers which may be exercised by the Controller under this Act shall, in such circumstances and under such conditions, if any, as may be specified in that notification, be exercised also by such officer, not being, in the opinion of the State Government, inferior in rank to that of a Sub-Divisional Magistrate, as may be specified in the said notification.

protection  
of action  
taken in  
good  
faith.

18. (1) No suit, prosecution or other legal proceeding shall lie against the Government, the Director or the Controller or any person, authorised by the Government or the Controller, for anything which is in good faith done or intended to be done under this Act or any rules or orders made thereunder or any orders issued under any such rule.

(2) No suit or other legal proceeding shall lie against the Government, the Director or the Controller or any person, authorised by the Government or the Controller, for any damage caused or

likely to be caused by anything which is in good faith done or intended to be done under this Act or any rule made thereunder or any order issued under any such rule.

↓ [The Central Government,]

19. Any person authorised by the Controller or the State Government under this Act and every member of the Corps, while functioning as such, shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

45 of 1860.

Authorised persons and members of the Corps to be public servants.

20. Every rule and every regulation made by the Central Government under this Act shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation, as the case may be, should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Rules and regulations to be laid before Parliament.

Rep. by Act... 56... of 1968, s. 2 & sch. I

## THE INDIAN COINAGE (AMENDMENT) ACT, 1968

No. 28 OF 1968

[6th August, 1968]

An Act further to amend the Indian Coinage Act, 1906.

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

Short  
title  
and  
com-  
mence-  
ment.

1. (1) This Act may be called the Indian Coinage (Amendment) Act, 1968.

(2) It shall come into force on such date<sup>1</sup> as the Central Government may, by notification in the Official Gazette, appoint.

Amend-  
ment of  
section 6.

2. In section 6 of the Indian Coinage Act, 1906 (hereinafter referred to as the principal Act), for the words "of such denominations not higher than one rupee", the words "of such denominations not higher than one hundred rupees" shall be substituted. 3 of 1906.

Amend-  
ment of  
section 13.

3. In section 13 of the principal Act,—

(a) in sub-section (1), in clause (a), for the words "in the case of a rupee coin", the words "in the case of a coin of any denomination not lower than one rupee" shall be substituted;

(b) in sub-section (2), after the words, figures and letters "after the 10th day of March, 1940", the words, brackets and figures "and before the commencement of the Indian Coinage (Amendment) Act, 1947" shall be inserted. 28 of 1947.

<sup>1</sup>1st November, 1968 *vide* S.O. 3618, dated the 8th October, 1968, Gazette of India, 1968, Extraordinary, Pt. II, Sec. 3 (ii), p. 1185.

Rep. by Act..... 56, 1968, S. 2 & Sch. I

**THE RICE-MILLING INDUSTRY (REGULATION)  
AMENDMENT ACT, 1968**

No. 29 OF 1968

[7th August, 1968]

An Act to amend the Rice-Milling Industry (Regulation) Act,  
1958.

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

1. (1) This Act may be called the Rice-Milling Industry (Regulation) Amendment Act, 1968.

Short title  
and com-  
mence-  
ment.

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

21 of 1958. 2. In the Rice-Milling Industry (Regulation) Act, 1958 (herein-  
after referred to as the principal Act), in section 3,—

Amend-  
ment of  
section 3.

(1) for clause (a), the following clause shall be substituted,  
namely:—

(a) "defunct rice mill" means—

(i) a rice mill in existence at the commencement of  
this Act but in which rice-milling operations have not  
been carried on for a continuous period of one year prior  
to such commencement; and

(ii) a rice mill (whether established before or after  
such commencement) in which rice-milling operations  
are not carried on for a continuous period of one year  
at any time after the commencement of the Rice-Milling  
Industry (Regulation) Amendment Act, 1968; ;

ANNEXED

(2) to clause (b), the following proviso shall be added, namely:—

“Provided that if in any such rice mill rice-milling operations are not carried on for a continuous period of one year at any time after the commencement of the Rice-Milling Industry (Regulation) Amendment Act, 1968, then, such mill shall, on the expiry of the said period of one year, cease to be an existing rice mill and be deemed to be a defunct rice mill;”;

(3) for clause (d), the following clause shall be substituted, namely:—

‘(d) “milling-rice”, with its grammatical variations, means—

(i) recovering rice or any product thereof from paddy;

(ii) polishing rice,

with the aid of power;”;

(4) after clause (g), the following clause shall be inserted, namely:—

‘(gg) “polishing” in relation to rice means the removal of bran from the kernel of rice.’

Insertion of new section 3A.

Application of the Act to rice-hullers.

Amendment of section 5.

3. In the principal Act, after section 3, the following section shall be inserted, namely:—

“3A. The provisions of this Act shall apply to rice-hullers attached to, or maintained with, any flour, oil, dal or other mill, or pumping set as they apply to rice mills subject to the modification that any reference to the commencement of this Act in those provisions shall, in their application to such rice-hullers, be construed as a reference to the commencement of the Rice-Milling Industry (Regulation) Amendment Act, 1968.”

4. In section 5 of the principal Act,—

(1) in sub-section (3), for the words “such other conditions as it may think fit”, the words “such other conditions (including such conditions as to improvements to existing machinery, replacement of existing machinery and use of improved methods of rice-milling as may be necessary to eliminate waste, obtain maximum production and improve quality) as it may think fit” shall be substituted;

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(2) for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) (a) In granting a permit under this section (whether for the establishment of a new rice mill or for re-commencing rice-milling operation in a defunct rice mill), the Central Government shall give preference—

(i) to a Government company or a corporation owned or controlled by the Government over every other applicant;

(ii) to a farmers' co-operative society over every other applicant, not being a Government company or a corporation owned or controlled by the Government, notwithstanding that such other applicant has applied for the grant of a permit for re-commencing rice-milling operation in a defunct rice mill.

(b) Subject to the provisions of clause (a), in granting a permit under this section, the Central Government shall give preference to a defunct rice mill over a new rice mill.

*Explanation.*—In this sub-section,—

(i) “Co-operative society” means a society registered or deemed to be registered under the Co-operative Societies Act, 1912 or any other law relating to co-operative societies for the time being in force in any State and “farmers' co-operative society” means a co-operative society the members whereof include farmers and the voting rights in which are, according to its rules and bye-laws, restricted to the following classes of its members, namely:—

(a) farmers,

(b) State Governments,

(c) primary agricultural credit societies as defined in clause (cii) of section 2 of the Reserve Bank of India Act, 1934;

(ii) “Government company” has the same meaning as in the Companies Act, 1956.”;

(3) in sub-section (6),—

(i) for the words “shall be effective”, the words “shall be valid” shall be substituted;

2 of 1912.

2 of 1934.

1 of 1956.

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

“Provided that if in a mill in respect of which a permit has been granted under sub-section (3) rice-milling operation is not carried on for a continuous period of one year at any time after the commencement of the Rice-Milling Industry (Regulation) Amendment Act, 1968, then, such permit shall cease to be valid upon the expiry of the said period of one year and a fresh permit shall be necessary for re-commencing rice-milling operation in that mill.”.

Amend-  
ment of  
section 6.

5. In section 6 of the principal Act,—

(1) in sub-section (1), for the words and figure “a permit has been granted under section 5”, the words and figure “a permit granted under section 5 is effective” shall be substituted;

(2) in sub-section (3), for the brackets and words “(including, in particular, conditions relating to the polishing of rice)”, the brackets and words “(including such conditions as to improvements to existing machinery, replacement of existing machinery and use of improved methods of rice-milling, as may be necessary to eliminate waste, obtain maximum production and improve quality and conditions relating to the polishing of rice)” shall be substituted;

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

“(4) A licence granted under this section shall be valid for the period specified therein and may be renewed from time to time for such period and on payment of such fees and on such conditions (including such conditions as to improvements to existing machinery, replacement of existing machinery and use of improved methods of rice-milling, as may be necessary to eliminate waste, obtain maximum production and improve quality) as may be prescribed:

Provided that if in a mill in respect of which a licence has been granted under sub-section (3) rice-milling operations are not carried on for a continuous period of one year at any time after the commencement of the Rice-Milling Industry (Regulation) Amendment Act, 1968, then, such licence shall cease to be



~~REPEALED~~

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valid upon the expiry of the said period of one year and a fresh licence shall be necessary for carrying on rice-milling operations in that mill."

6. In section 8 of the principal Act, in sub-section (3),—

Amend-  
ment of  
section 8.

(i) in clause (a), for the words "after the expiry of the period of the validity of the licence," the words "after the licence has ceased to be valid" shall be substituted;

(ii) for the proviso to clause (d), the following proviso shall be substituted, namely:—

"Provided that no such permission shall be necessary,—

(i) where such expansion is in accordance with the terms and conditions of the permit or licence granted under this Act in respect of the rice mill; or

(ii) for the replacement merely of any parts of the machinery of the rice mill if such replacement does not result in an increase in the productive capacity of the rice mill."

7. In section 13 of the principal Act, for sub-section (1), the following sub-section shall be substituted, namely:—

Amendment  
of section  
13.

"(1) If any person contravenes or attempts to contravene or abets the contravention of any of the provisions of section 8 or sub-section (2) of section 18, he shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to ten 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:

Provided that where such contravention, attempt or abetment relates to sub-section (1), or sub-section (2), or clause (a) or clause (b) of sub-section (3) of section 8, or sub-section (2) of section 18, he shall be punishable with imprisonment for a term which shall not be less than one month."

8. After section 14 of the principal Act, the following sections shall be inserted, namely:—

Insertion of  
new sections  
14A and  
14B.

**REPEALED**

Burden of proof in certain cases.

"14A. Where paddy, husk, rice or broken rice is recovered from the premises of a mill, it shall be presumed, unless the contrary is proved by the owner, that rice-milling operations are carried on in that mill.

Confiscation of plant and machinery.

"14B. Where any person has been convicted for contravention of any of the provisions of section 8 or of sub-section (2) of section 18, then, the court convicting such person may order confiscation of the plant and machinery with which rice-milling operations in contravention of such provision were carried on:

Provided that where such person is convicted for a second or subsequent offence, the court shall order confiscation of such plant and machinery."

Amendment of section 21.

9. In sub-section (1) of section 21 of the principal Act, for the words "any person", the words "any officer or authority" shall be substituted.

Amendment of section 22.

10. In section 22 of the principal Act,—

(1) in sub-section (2),—

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

"(bb) the form of a permit under section 5 and the conditions (including conditions relating to improvements to existing machinery, replacement of existing machinery and use of improved methods of rice-milling) subject to which a permit may be granted and the time within which such conditions shall be complied with;"

(b) in clause (d), for the words "including conditions relating to the polishing of rice", the words "including conditions relating to improvements to existing machinery, replacement of existing machinery, use of improved methods of rice-milling and polishing of rice, the time within which such conditions shall be complied with" shall be substituted.

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

"(4) Every rule made by the Central Government 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 successive sessions, and if, before the ex-

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piry of the session in which it is so laid or the session immediately following, 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."

Rep. by Act.....56 of 1974, s. 2 + sch. I

THE PRESS AND REGISTRATION OF BOOKS  
(AMENDMENT) ACT, 1968

No. 30 OF 1968

[8th August, 1968]

An Act further to amend the Press and Registration of Books  
Act, 1867.

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

Short  
title.

1. This Act may be called the Press and Registration of Books  
(Amendment) Act, 1968.

Amend-  
ment of  
section  
5A.

2. In section 5A of the Press and Registration of Books Act, 1867, 25 of 1966  
for the words, brackets and figures "after the expiry of a period of  
two months from the date of commencement of the Press and Regis-  
tration of Books (Amendment) Act, 1965 unless before the expiry of  
that period", at both the places where they occur, the words, figures  
and letters "after the 31st day of December, 1968, unless before the  
expiry of that date" shall be, and shall be deemed always to have  
been, substituted.

Rep. by Act... 56 of 1974, S. 2 + sch. I

## THE REQUISITIONING AND ACQUISITION OF IMMOVABLE PROPERTY (AMENDMENT) ACT, 1968

No. 31 OF 1968

[9th August, 1968]

An Act further to amend the Requisitioning and Acquisition of  
Immovable Property Act, 1952.

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

1. This Act may be called the Requisitioning and Acquisition of Immovable Property (Amendment) Act, 1968. Short title.
2. In section 8 of the Requisitioning and Acquisition of Immovable Property Act, 1952 (hereinafter referred to as the principal Act), for sub-section (3), the following sub-section shall be substituted, namely:— Amendment of section 8.
- “(3) The compensation payable for the acquisition of any property under section 7 shall be the price which the requisitioned property would have fetched in the open market, if it had remained in the same condition as it was at the time of requisitioning and been sold on the date of acquisition.”
3. In the principal Act, after section 24, the following section shall be inserted and shall be deemed to have been inserted with effect on and from the 10th day of January, 1968, namely:— Insertion of new section 25.
- “25. (1) Notwithstanding anything contained in this Act, any immovable property requisitioned by the Central Government or by any officer or authority to whom powers in this Special provision as to cer-

~~REPEALED~~

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*Requisitioning and Acquisition of Immovable  
Property (Amendment)*

[ACT 31

tain re-  
quisitions  
under  
Act 51  
of 1962.

behalf have been delegated by that Government, under the Defence of India Act, 1962, and the rules made thereunder (including any immovable property deemed to have been requisitioned under the said Act) which has not been released from such requisition before the 10th January, 1968, shall, as from that date, be deemed to have been requisitioned by the competent authority under the provisions of this Act for the purpose for which such property was held immediately before the said date and all the provisions of this Act shall apply accordingly:

Provided that—

(a) all determinations, agreements and awards for the payment of compensation in respect of any such property for any period of requisition before the said date and in force immediately before the said date, shall continue to be in force and shall apply to the payment of compensation in respect of that property for any period of requisition as from the said date;

(b) anything done or any action taken (including any orders, notifications or rules made or issued) by the Central Government or by any officer or authority to whom powers in this behalf have been delegated by that Government, in exercise of the powers conferred by or under Chapter VI of the Defence of India Act, 1962, shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken in the exercise of the powers conferred by or under this Act as if this section was in force on the date on which such thing was done or action was taken.

(2) Save as otherwise provided in sub-section (1), the provisions of the Defence of India Act, 1962, and the rules made thereunder, in so far as those provisions relate to the requisitioning of any such immovable property as is referred to in sub-section (1), shall as from the 10th January, 1968, cease to operate except as respects things done or omitted to be done before such cesser and section 6 of the General Clauses Act, 1897, shall apply upon such cesser of operation as if such cesser were a repeal of an enactment by a Central Act." 10 of 1897.

Repeal  
and  
saving.

4. (1) The Requisitioning and Acquisition of Immovable Property (Amendment) Ordinance, 1968, is hereby repealed. Ori. 4 of 1968.

~~REPEALED~~

of 1968]

*Requisitioning and Acquisition of Immovable  
Property (Amendment)*

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(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.

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Rep. by Act..... 56 of 1974, S. 2 + sch. I

THE PUBLIC PREMISES (EVICTION OF UNAUTHORISED OCCUPANTS) AMENDMENT ACT, 1968

No. 32 OF 1968

[16th August, 1968]

An Act further to amend the Public Premises (Eviction of Unauthorised Occupants) Act, 1958.

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

Short title.

1. This Act may be called the Public Premises (Eviction of Unauthorised Occupants) Amendment Act, 1968.

Amendment of section 2.

2. In section 2 of the Public Premises (Eviction of Unauthorised Occupants) Act, 1958 (hereinafter referred to as the principal Act), 32 of 1958. for clause (b), the following clause shall be substituted, namely:—

‘(b) “public premises” means any premises belonging to, or taken on lease or requisitioned by, or on behalf of, the Central Government; and includes—

(1) any premises belonging to, or taken on lease by, or on behalf of—

(i) any company as defined in section 3 of the Companies Act, 1956, in which not less than fifty-one per cent. of the paid-up share capital is held by the Central Government; and

(ii) any Corporation (not being a company as defined in section 3 of the Companies Act, 1956, or a local authority) established by or under a Central Act and owned or controlled by the Central Government; and



~~REPEALED~~

[ACT 32 OF 1968] *Public Premises (Eviction of Unauthorised Occupants) Amendment* 211

(2) in relation to the Union territory of Delhi—

(i) any premises belonging to the Municipal Corporation of Delhi or any municipal committee or notified area committee, and

(ii) any premises belonging to the Delhi Development Authority, whether such premises are in the possession of, or leased out by, the said Authority;'

3. In section 3 of the principal Act, in clause (a), for the words, brackets, letter and figure "or officers of equivalent rank of the Corporation or any Committee or the authority referred to in clause (b) of section 2", the following shall be substituted, namely:—

Amendment of section 3.

"or officers of equivalent rank of any company or Corporation referred to in paragraph (1), or of the Corporation or any Committee or the authority referred to in paragraph (2), of clause (b) of section 2".

4. After section 10D of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 10E.

"10E. No civil court shall have jurisdiction to entertain any suit or proceeding in respect of the eviction of any person who is in unauthorised occupation of any public premises or the recovery of the arrears of rent payable under sub-section (1) of section 7 or the damages payable under sub-section (2) of that section or costs awarded to the Central Government under sub-section (4A) of section 9 or any portion of such rent, damages or costs."

Bar of jurisdiction.

5. (1) The Public Premises (Eviction of Unauthorised Occupants) Amendment Ordinance, 1968, is hereby repealed.

Repeal and saving.

5 of 1868.

(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 as if this Act had come into force on the 17th day of June, 1968.

Rep. by Act... 56... 74, s. 2 + sch. I

## THE ADVOCATES (AMENDMENT) ACT, 1968

No. 33 OF 1968

[16th August, 1968]

An Act further to amend the Advocates Act, 1961.

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

Short title  
and com-  
mence-  
ment.

1. (1) This Act may be called the Advocates (Amendment) Act, 1968.

(2) It shall be deemed to have come into force on the 5th day of June, 1968.

Amend-  
ment of  
section  
24.

2. In clause (a) of sub-section (3) of section 24 of the Advocates Act, 1961 (hereinafter referred to as the principal Act), the words, <sup>25</sup>of 1961. figures and letters "before the 31st day of March, 1964" and "then in force" shall be omitted.

Insertion  
of new  
section  
58AB.

3. After section 58AA of the principal Act, the following section shall be inserted, namely:—

Special  
provisions  
with  
respect to  
certain  
persons  
enrolled  
by Mysore  
State Bar  
Council.

"58AB. Notwithstanding anything contained in this Act or any judgment, decree or order of any court or any resolution passed or direction given by the Bar Council of India, every person who was admitted as an advocate on the State roll by the State Bar Council of Mysore during the period beginning with the 28th day of February, 1963, and ending on the 31st day of March, 1964, on the basis of his having obtained a certificate of pleadership from the High Court of Mysore, shall, save as otherwise provided, be deemed to have been validly admitted as an advocate on that State roll and accordingly entitled to practise the profession of law (whether by way of pleading or acting or both):

~~REPEALED~~

[ACT 33 OF 1968

*Advocates (Amendment)*

213

Provided that where any such person has elected to be enrolled as an advocate on the roll of any other State Bar Council, his name shall be deemed to have been struck off the roll of the State Bar Council of Mysore from the date he was enrolled by the other State Bar Council:

Provided further that the seniority of such person, whether his name is borne on the State roll of the State Bar Council of Mysore, or on the State roll of any other Bar Council, shall, for the purposes of clause (d) of sub-section (3) of section 17, be determined by reckoning the 16th day of May, 1964, as the date of admission."

3 of 1968.

4. (1) The Advocates (Amendment) Ordinance, 1968 is hereby repealed.

Repeal  
and  
savings.

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

# THE ENEMY PROPERTY ACT, 1968

## ARRANGEMENT OF SECTIONS

1. Short title, extent, application and commencement.
2. Definitions.
3. Appointment of Custodian of Enemy Property for India and Deputy Custodian, etc.
4. Appointment of Inspectors of Enemy Property.
5. Property vested in the Custodian of Enemy Property for India under the Defence of India Rules, 1962 to continue to vest in Custodian.
6. Transfer of property vested in Custodian by enemy or enemy subject or enemy firm.
7. Payment to Custodian of money otherwise payable to an enemy, enemy subject or enemy firm.
8. Powers of Custodian in respect of enemy property vested in him.
9. Exemption from attachment, etc.
10. Transfer of securities belonging to an enemy.
11. Power of Custodian to summon persons and call for documents.
12. Protection for complying with orders of Custodian.
13. Validity of action taken in pursuance of orders of Custodian.
14. Proceedings against companies whose assets vest in Custodian.
15. Returns as to enemy property.
16. Registers of returns.
17. Levy of fees.
18. Divesting of enemy property vested in the Custodian.
19. Protection of action taken under the Act.

SECTIONS

20. Penalty.
  21. Offences by companies.
  22. Effect of laws inconsistent with the Act.
  23. Power to make rules.
  24. Certain orders made under the Defence of India Rules, 1962,  
to continue in force.
  25. Repeal and saving.
-

## THE ENEMY PROPERTY ACT, 1968

No. 34 OF 1968

[20th August, 1968]

An Act to provide for the continued vesting of enemy property vested in the Custodian of Enemy Property for India under the Defence of India Rules, 1962, and for matters connected therewith.

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

Short  
title, ex-  
tent, ap-  
plication  
and com-  
mence-  
ment.

1. (1) This Act may be called the Enemy Property Act, 1968.

(2) It extends to the whole of India except the State of Jammu and Kashmir and it applies also to all citizens of India outside India and to branches and agencies outside India of companies or bodies corporate registered or incorporated in India.

(3) It shall be deemed to have come into force on the 10th day of July, 1968.

Defini-  
tions.

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

(a) "Custodian" means the Custodian of Enemy Property for India appointed or deemed to have been appointed under section 3 and includes a Deputy Custodian and an Assistant Custodian of Enemy Property appointed or deemed to have been appointed under that section;

(b) "enemy" or "enemy subject" or "enemy firm" means a person or country who or which was an enemy, an enemy subject or an enemy firm, as the case may be, under the Defence of India Act, 1962, and the Defence of India Rules, 1962, but does not include a citizen of India; 51 of 1962.

(c) "enemy property" means any property for the time being belonging to or held or managed on behalf of an enemy, an enemy subject or an enemy firm;

Provided that where an individual enemy subject dies in the territories to which this Act extends, any property which immediately before his death, belonged to or was held by him or was managed on his behalf, may, notwithstanding his death, continue to be regarded as enemy property for the purposes of this Act;

(d) "prescribed" means prescribed by rules made under this Act.

3. The Central Government may, by notification in the Official Gazette, appoint a Custodian of Enemy Property for India and one or more Deputy Custodians and Assistant Custodians of Enemy Property for such local areas as may be specified in the notification:

Provided that the Custodian of Enemy Property for India and any Deputy Custodian or Assistant Custodian of Enemy Property appointed under the Defence of India Rules, 1962, shall be deemed to have been appointed under this section.

4. The Central Government may, either generally or for any particular area, by notification in the Official Gazette, appoint one or more Inspectors of Enemy Property for securing compliance with the provisions of this Act and may, by general or special order, provide for the distribution and allocation of the work to be performed by them for securing such compliance:

Provided that every Inspector of Enemy Firms appointed under the Defence of India Rules, 1962, shall be deemed to be an Inspector of Enemy Property appointed under this section.

51 of 1962. 5. Notwithstanding the expiration of the Defence of India Act, 1962 and the Defence of India Rules, 1962, all enemy property vested before such expiration in the Custodian of Enemy Property for India appointed under the said Rules and continuing to vest in him immediately before the commencement of this Act, shall, as from such commencement, vest in the Custodian.

Appointment of Custodian of Enemy Property for India and Deputy Custodian, etc.

Appointment of Inspectors of Enemy Property.

Property vested in the Custodian of Enemy Property for India under the Defence of India Rules, 1962 to continue to vest in Custodian.

Transfer of property vested in Custodian by enemy or enemy subject or enemy firm.

6. Where any property vested in the Custodian under this Act has been transferred, whether before or after the commencement of this Act, by an enemy or an enemy subject or an enemy firm and where it appears to the Central Government that such transfer is injurious to the public interest or was made with a view to evading or defeating the vesting of the property in the Custodian, then, the Central Government may, after giving a reasonable opportunity to the transferee to be heard in the matter, by order, declare such transfer to be void and on the making of such order, the property shall continue to vest or be deemed to vest in the Custodian.

Payment to Custodian of money otherwise payable to an enemy, enemy subject or enemy firm.

7. (1) Any sum payable by way of dividend, interest, share profits or otherwise to or for the benefit of an enemy or an enemy subject or an enemy firm shall, unless otherwise ordered by the Central Government, be paid by the person by whom such sum would have been payable but for the prohibition under the Defence of India Rules, 1962, to the Custodian or such person as may be authorised by him in this behalf and shall be held by the Custodian or such person subject to the provisions of this Act.

(2) In cases in which money would, but for the prohibition under the Defence of India Rules, 1962, be payable in a foreign currency to or for the benefit of an enemy or an enemy subject or an enemy firm (other than cases in which money is payable under a contract in which provision is made for a specified rate of exchange), the payment shall be made to the Custodian in rupee currency at the middle official rate of exchange fixed by the Reserve Bank of India on the date on which the payment became due to that enemy, enemy subject or enemy firm.

(3) The Custodian shall, subject to the provisions of section 8, deal with any money paid to him under the Defence of India Rules, 1962 or under this Act and any property vested in him under this Act in such manner as the Central Government may direct.

Powers of Custodian in respect of enemy property vested in him.

8. (1) With respect to the property vested in the Custodian under this Act, the Custodian may take or authorise the taking of such measures as he considers necessary or expedient for preserving such property and where such property belongs to an individual enemy subject, may incur such expenditure out of the property as he considers necessary or expedient for the maintenance of that individual or of his family in India.



(2) Without prejudice to the generality of the foregoing provision, the Custodian or such person as may be specifically authorised by him in this behalf, may for the said purpose,—

(i) carry on the business of the enemy;

(ii) take action for recovering any money due to the enemy;

(iii) make any contract and execute any document in the name and on behalf of the enemy;

(iv) institute, defend or continue any suit or other legal proceeding, refer any dispute to arbitration and compromise any debts, claims or liabilities;

(v) raise on the security of the property such loans as may be necessary;

(vi) incur out of the property any expenditure including the payment of any taxes, duties, cesses and rates to Government or to any local authority and of any wages, salaries, pensions, provident fund contributions to, or in respect of, any employee of the enemy and the repayment of any debts due by the enemy to persons other than enemies;

(vii) transfer by way of sale, mortgage or lease or otherwise dispose of any of the properties;

(viii) invest any moneys held by him on behalf of enemies for the purchase of Treasury Bills or such other Government securities as may be approved by the Central Government for the purpose;

(ix) make payments to the enemy and his dependents;

(x) make payments on behalf of the enemy to persons other than those who are enemies, of dues outstanding on the 25th October, 1962; and

(xi) make such other payments out of the funds of the enemy as may be directed by the Central Government.

*Explanation.*—In this sub-section and in sections 10 and 17, "enemy" includes an enemy subject and an enemy firm.

9. All enemy property vested in the Custodian under this Act shall be exempt from attachment, seizure or sale in execution of decree of a civil court or orders of any other authority.

Exemption from attachment, etc.

10. (1) Where, in exercise of the powers conferred by section 8, the Custodian proposes to sell any security issued by a company and belonging to an enemy, the company may, with the consent

Transfer of securities be-

longing to  
an enemy.

of the Custodian, purchase the securities, notwithstanding anything to the contrary in any law or in any regulations of the company and any securities so purchased may be re-issued by the company as and when it thinks fit so to do.

(2) Where the Custodian executes and transfers any securities issued by a company, the company shall, on receipt of the transfer and an order in this behalf from the Custodian, register the securities in the name of the transferee, notwithstanding that the regulations of the company do not permit such registration in the absence of the certificate, script or other evidence of title relating to the securities transferred:

Provided that any such registration shall be without prejudice to any lien or charge in favour of the company and to any other lien or charge of which the Custodian gives express notice to the company.

*Explanation.*—In this section, “securities” includes shares, stocks, bonds, debentures and debenture stock but does not include bills of exchange.

Power of  
Custodian  
to sum-  
mon per-  
sons and  
call for  
docu-  
ments.

11. (1) The Custodian may, by notice in writing, require any person whom he believes to be capable of giving information concerning any enemy property to attend before him at such time and place as may be specified in the notice and examine any such person concerning the same, reduce his statement to writing and require him to sign it.

(2) The Custodian may, by notice in writing, require any person whom he believes to have in his possession or control any account book, letter book, invoice, receipt or other document of whatever nature relating to any enemy property, to produce the same or cause the same to be produced before the Custodian at such time and place as may be specified in the notice and to submit the same to his examination and to allow copies of any entry therein or any part thereof to be taken by him.

Protec-  
tion for  
comply-  
ing with  
orders of  
Custo-  
dian.

12. Where any order with respect to any money or property is addressed to any person by the Custodian and accompanied by a certificate of the Custodian that the money or property is money or property vested in him under this Act, the certificate shall be evidence of the facts stated therein and if that person complies with the orders of the Custodian, he shall not be liable to any suit or other legal proceeding by reason only of such compliance.

13. Where under this Act,—

(a) any money is paid to the Custodian; or

(b) any property is vested in the Custodian or an order is given to any person by the Custodian in relation to any property which appears to the Custodian to be enemy property vested in him under this Act,

Validity of action taken in pursuance of orders of Custodian.

neither the payment, vesting nor order of the Custodian nor any proceedings in consequence thereof shall be invalidated or affected by reason only that at a material time,—

(i) some person who was or might have been interested in the money or property, and who was an enemy or an enemy firm, had died or had ceased to be an enemy or an enemy firm; or

(ii) some person who was so interested and who was believed by the Custodian to be an enemy or an enemy firm, was not an enemy or an enemy firm.

14. Where the enemy property vested in the Custodian under this Act consists of assets of a company, no proceeding, civil or criminal, shall be instituted under the Companies Act, 1956, against the company or any director, manager or other officer thereof except with the consent in writing of the Custodian.

1 of 1956.

Proceedings against companies whose assets vest in Custodian.

15. (1) The Custodian may call for from persons who, in his opinion, have any interest in, or control over, any enemy property vested in him under this Act, such returns as may be prescribed.

Returns as to enemy property.

(2) Every person from whom a return is called for under subsection (1) shall be bound to submit such return within the prescribed period.

16. (1) All returns relating to enemy property submitted to the Custodian under this Act shall be recorded in such registers as may be prescribed.

Registers of returns.

(2) All such registers shall be open to inspection subject to the payment of such fees as may be prescribed and to such reasonable restrictions as the Custodian may impose, to any person who, in the opinion of the Custodian, is interested in any particular enemy

property as a creditor or otherwise and any such person may also obtain a copy of the relevant portion from the registers on payment of the prescribed fees.

Levy of fees.

17. (1) There shall be levied by the Custodian fees equal to two per centum of—

- (a) the amount of moneys paid to him;
- (b) the proceeds of the sale or transfer of any property which has been vested in him under this Act; and
- (c) the value of the residual property, if any, at the time of its transfer to the original owner or other person specified by the Central Government under section 18:

Provided that in the case of an enemy whose property is allowed by the Custodian to be managed by some person specially authorised in that behalf, there shall be levied a fee of two per centum of the gross income of the enemy or such less fee as may be specifically fixed by the Central Government after taking into consideration the cost of direct management incurred by that Government, the cost of superior supervision and any risks that may be incurred by that Government in respect of the management:

Provided further that the Central Government may, for reasons to be recorded in writing, reduce or remit the fees leviable under this sub-section in any special case or class of cases.

*Explanation.*—In this sub-section “gross income of the enemy” means income derived out of the properties of the enemy vested in the Custodian under this Act.

(2) The value of any property for the purpose of assessing the fees shall be the price which, in the opinion of the Central Government or of an authority empowered in this behalf by the Central Government, such property would fetch if sold in the open market.

(3) The fees in respect of property may be levied out of any proceeds of the sale or transfer thereof or out of any income accrued therefrom or out of any other property belonging to the same enemy and vested in the Custodian under this Act.

(4) The fees levied under this section shall be credited to the Central Government.

18. The Central Government may, by general or special order, direct that any enemy property vested in the Custodian under this Act and remaining with him shall be divested from him and be returned, in such manner as may be prescribed, to the owner thereof or to such other person as may be specified in the direction and thereupon such property shall cease to vest in the Custodian and shall revert in such owner or other person.

Divesting  
of enemy  
property  
vested in  
the Custodian.

19. No suit, prosecution or other legal proceeding shall lie against the Central Government or the Custodian or an Inspector of Enemy Property for anything which is in good faith done or intended to be done under this Act.

Protection  
of action  
taken  
under  
the Act.

20. (1) If any person makes any payment in contravention of the provisions of sub-section (1) of section 7, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both and the payment or dealing shall be void.

Penalty

(2) If any person contravenes the provisions of sub-section (2) of section 10, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

(3) If any person fails to comply with a requisition made by the Custodian under sub-section (1) or sub-section (2) of section 11, he shall be punishable with fine which may extend to five hundred rupees.

(4) If any person fails to submit the return under sub-section (2) of section 15, or furnishes such return containing any particular which is false and which he knows to be false or does not believe to be true, he shall be punishable with fine which may extend to five hundred rupees.

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

Offences  
by com-  
panies.

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

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

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

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

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

Effect of laws inconsistent with the Act.

22. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Power to make rules.

23. (1) The Central Government may make rules for carrying out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the returns that may be called for by the Custodian under sub-section (1) of section 15 and the period within which such returns shall be submitted under sub-section (2) of that section;

(b) the registers in which the returns relating to enemy property shall be recorded under section 16;

(c) the fees for the inspection of registers and for obtaining copies of the relevant portions from the registers under sub-section (2) of section 16;

(d) the manner in which enemy property vested in the Custodian may be returned under section 18;

(e) any other matter which has to be or may be prescribed.

(3) Every rule made by the Central Government 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 successive sessions and if, before the expiry of the session in which it is so laid or the session immediately following, 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.

24. Every order which was made under the Defence of India Rules, 1962, by the Central Government or by the Custodian of Enemy Property for India appointed under those Rules, relating to enemy property and which was in force immediately before the expiration thereof shall, in so far as such order is not inconsistent with the provisions of this Act, be deemed to continue in force and to have been made under this Act.

Certain orders made under the Defence of India Rules, 1962, to continue in force.

7 of 1968.

25. (1) The Enemy Property Ordinance, 1968, is hereby repealed.

Repeal and saving.

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

Rep. by Act..... 56 of 1974, S. 2 + Sch. I

THE INTER-STATE WATER DISPUTES (AMENDMENT)  
ACT, 1968

No. 35 OF 1968.

[22nd August, 1968]

An Act further to amend the Inter-State Water Disputes  
Act, 1956

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

- Short title. 1. This Act may be called the Inter-State Water Disputes (Amendment) Act, 1968.
- Amendment of section 4. 2. In section 4 of the Inter-State Water Disputes Act, 1956 (hereinafter referred to as the principal Act), for sub-section (2), the following sub-section shall be substituted, namely:—  
“(2) The Tribunal shall consist of a Chairman and two other members nominated in this behalf by the Chief Justice of India from among persons who at the time of such nomination are Judges of the Supreme Court or of a High Court.”
- Amendment of section 5. 3. In section 5 of the principal Act, after sub-section (3), the following sub-section shall be inserted, namely:—  
“(4) If the members of the Tribunal differ in opinion on any point, the point shall be decided according to the opinion of the majority.”
- Insertion of new section. 4. After section 5 of the principal Act, the following section shall be inserted, namely:—
- 5A. “5A. If, for any reason a vacancy (other than a temporary absence) occurs in the office of the Chairman or any other



member of a Tribunal, such vacancy shall be filled by a person to be nominated in this behalf by the Chief Justice of India in accordance with the provisions of sub-section (2) of section 4, and the investigation of the matter referred to the Tribunal may be continued by the Tribunal after the vacancy is filled and from the stage at which the vacancy occurred."

5. In section 9 of the principal Act, in sub-section (4), for the words "Subject to any rules that may be made under this Act", the words "Subject to the provisions of this Act and any rules that may be made thereunder" shall be substituted. Amendment of section 9.

6. In section 10 of the principal Act, for the words "The presiding officer of a Tribunal", the words "The Chairman and other members of a Tribunal" shall be substituted. Amendment of section 10.

7. In section 13 of the principal Act,—

(1) in clause (d) of sub-section (2), for the words "the presiding officer", the words "the Chairman and other members" shall be substituted; Amendment of section 13.

(2) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) 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 successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, 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."

THE ANDHRA PRADESH AND MYSORE (TRANSFER  
OF TERRITORY) ACT, 1968

No. 36 OF 1968

[22nd August, 1968]

An Act to provide for the transfer of certain territory from the State of Mysore to the State of Andhra Pradesh and for matters connected therewith.

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

Short  
title.

1. This Act may be called the Andhra Pradesh and Mysore (Transfer of Territory) Act, 1968.

Defini-  
tions.

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

(a) "appointed day" means the 1st day of October, 1968;

(b) "assembly constituency", "council constituency" and "parliamentary constituency" have the same meanings as in the Representation of the People Act, 1950;

43 of 1950

(c) "sitting member", in relation to either House of Parliament or of the Legislature of a State, means a person who, immediately before the appointed day, is a member of that House;

(d) "transferred territory" means the territory specified in the Schedule and transferred from the State of Mysore to the State of Andhra Pradesh by section 3.

Transfer  
of terri-  
tory  
from

3. (1) As from the appointed day, there shall be added to the State of Andhra Pradesh the territory specified in the Schedule which shall thereupon cease to form part of the State of Mysore.

(2) The transferred territory shall be included in, and form part of, the Hindupur taluk of Anantapur district in the State of Andhra Pradesh. Mysore  
to  
Andhra  
Pradesh

(3) Nothing in sub-section (2) shall be deemed to affect the power of the State Government to alter, after the appointed day, the name, extent or boundaries of any district or taluk in the State of Andhra Pradesh.

4. As from the appointed day, in the First Schedule to the Constitution, under the heading "I. THE STATES",— Amend-  
ment of  
First  
Schedule  
to the  
Constitu-  
tion.

(a) for the entry against "1. Andhra Pradesh", the following shall be substituted, namely:—

"The territories specified in sub-section (1) of section 3 of the Andhra State Act, 1953, sub-section (1) of section 3 of the States Reorganisation Act, 1956, the First Schedule to the Andhra Pradesh and Madras (Alteration of Boundaries) Act, 1959, and the Schedule to the Andhra Pradesh and Mysore (Transfer of Territory) Act, 1968, but excluding the territories specified in the Second Schedule to the Andhra Pradesh and Madras (Alteration of Boundaries) Act, 1959."; and

(b) in the entry against "9. Mysore", after the words and figures "States Reorganisation Act, 1956", the words, brackets and figures "but excluding the territory specified in the Schedule to the Andhra Pradesh and Mysore (Transfer of Territory) Act, 1968" shall be inserted.

61 of 1962. 5. As from the appointed day, the transferred territory shall cease to be part of Madhugiri parliamentary constituency and Bagepalli assembly constituency in the State of Mysore as delimited in Order No. 11 of the Delimitation Commission made under section 10 of the Delimitation Commission Act, 1962, and shall form part of Hindupur parliamentary constituency and Hindupur assembly constituency in the State of Andhra Pradesh as delimited in order No. 3 of the Delimitation Commission made under the said section. Extent of  
parlia-  
mentary  
and  
assembly  
constitu-  
encies.

6. (1) The sitting members of the House of the People representing Hindupur parliamentary constituency in the State of Andhra Pradesh and Madhugiri parliamentary constituency in the State of Mysore shall, notwithstanding the alteration in the extent of those constituencies by virtue of the provisions of this Act, continue to be members of the House of the People. Provision  
as to  
sitting  
members  
of Parlia-  
ment  
and

Legisla-  
tive  
Assem-  
blies

(2) The sitting members of the Legislative Assemblies of Andhra Pradesh and Mysore representing Hindupur assembly constituency and Bagepalli assembly constituency respectively shall, notwithstanding the alteration in the extent of those constituencies by virtue of the provisions of this Act, continue to be members of the said Assemblies.

Extent of  
Council  
Constitu-  
encies.

7. (1) Any reference in the Delimitation of Council Constituencies (Andhra Pradesh) Order, 1957, to Anantapur district shall be construed as including the territory transferred to that district from the State of Mysore.

(2) Any reference in the Delimitation of Council Constituencies (Mysore) Order, 1951, to Kolar district shall be construed as excluding the territory transferred from that district to the State of Andhra Pradesh.

Sitting  
Members  
of Legis-  
lative  
Councils.

8. Every sitting member of the Legislative Council of Andhra Pradesh or of Mysore representing a council constituency the extent of which is altered by virtue of section 7 shall, as from the appointed day, be deemed to have been elected to the said Council by that constituency as so altered.

Extension  
of juris-  
diction of  
Andhra  
Pradesh  
High  
Court.

9. (1) As from the appointed day,—

(a) the jurisdiction of the High Court of Andhra Pradesh shall extend to the transferred territory; and

(b) the High Court of Mysore shall have no jurisdiction in respect of the said territory.

(2) If, immediately before the appointed day, there is any proceeding relatable to the transferred territory pending in the High Court of Mysore, then, notwithstanding anything contained in sub-section (1), such proceeding shall be heard and disposed of by that High Court.

(3) Any order made by the High Court of Mysore in any proceeding with respect to which that High Court exercises jurisdiction by virtue of sub-section (2) shall, for all purposes, have effect, not only as an order of the High Court of Mysore but also as an order made by the High Court of Andhra Pradesh.

(4) For the purposes of this section,—

(a) proceedings shall be deemed to be pending in the High Court of Mysore until that Court has disposed of all issues between the parties, including any issues with respect to the

taxation of the costs of the proceedings and shall include appeals, applications for leave to appeal to the Supreme Court, applications for review, petitions for revision and petitions for writs;

(b) references to a High Court shall be construed as including references to a Judge or division court thereof, and references to an order made by a court or a Judge shall be construed as including references to a sentence, judgment or decree passed or made by that court or Judge.

10. As from the appointed day, any Act passed by the Legislature of Andhra Pradesh before that day for the appropriation of any money out of the Consolidated Fund of the State to meet any expenditure in respect of any part of the financial year 1968-69 shall have effect also in relation to the transferred territory, and it shall be lawful for the State Government to spend any amount for that territory out of the amount authorised by such Act to be expended for any services in that State.

Appropriation of moneys for expenditure in transferred territory under existing Appropriation Acts.

11. (1) All land and all stores, articles and other goods in the transferred territory belonging to the State of Mysore shall, as from the appointed day, pass to the State of Andhra Pradesh.

Assets and liabilities.

*Explanation.*—In this sub-section, the expression “land” includes immovable property of every kind and any rights in or over such property and the expression “goods” does not include coins, bank notes and currency notes.

(2) All rights, liabilities and obligations, whether arising out of a contract or otherwise, of the State of Mysore in relation to the transferred territory shall, as from the appointed day, be the rights, liabilities and obligations, respectively, of the State of Andhra Pradesh.

12. As from the appointed day,—

63 of 1951 (a) the Financial Corporations constituted under the State Financial Corporations Act, 1951, for the States of Mysore and Andhra Pradesh, and

State Financial Corporations and State Electricity Boards

54 of 1948. (b) the State Electricity Boards constituted under the Electricity (Supply) Act, 1948, for the said States,

shall be deemed to have been constituted for those States with their areas as altered by the provisions of section 3.

Extension  
of laws.

13. All laws which, immediately before the appointed day, extend to, or are in force in, the Hindupur taluk of Anantapur district in the State of Andhra Pradesh but do not extend to, or are not in force in, the transferred territory, shall, as from that day, extend to, or as the case may be, come into force in, the transferred territory; and all laws which, immediately before the appointed day, are in force in the transferred territory but not in the Hindupur taluk of Anantapur district in the State of Andhra Pradesh shall, on that day, cease to be in force in the transferred territory, except as respects things done or omitted to be done before that day.

*Explanation.*—In this section, “law” includes any enactment, ordinance, regulation, order, bye-law, rule, scheme, notification or other instrument having the force of law in the whole or in any part of the State of Andhra Pradesh or Mysore.

Power to  
construe  
laws.

14. Any court, tribunal or authority required or empowered to enforce any law extended to the transferred territory by section 13 may, for the purpose of facilitating its application in relation to the transferred territory, construe the law in such manner, without affecting the substance, as may be necessary or proper in regard to the matter before the court, tribunal or authority.

Legal  
proceed-  
ings.

15. Where, immediately before the appointed day, the State of Mysore is a party to any legal proceedings with respect to any property, rights or liabilities transferred to the State of Andhra Pradesh under this Act, the State of Andhra Pradesh shall be deemed to be substituted for the State of Mysore as a party to those proceedings, or added as a party thereto, as the case may be, and the proceedings may continue accordingly.

Transfer  
of pend-  
ing pro-  
ceedings.

16. (1) Every proceeding pending immediately before the appointed day before any court (other than a High Court), tribunal, authority or officer in any area which on that day falls within the State of Mysore shall, if it is a proceeding relating exclusively to any part of the transferred territory, stand transferred to the corresponding court, tribunal, authority or officer in the State of Andhra Pradesh.

(2) If any question arises as to whether any proceeding should stand transferred under sub-section (1), it shall be referred to the

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High Court of Mysore and the decision of that High Court shall be final.

(3) In this section,—

(a) “proceeding” includes any suit, case or appeal, and

(b) “corresponding court, tribunal, authority or officer” in the State of Andhra Pradesh means—

(i) the court, tribunal, authority or officer in which, or before whom, the proceeding would have lain if the proceeding had been instituted after the appointed day, or

(ii) in case of doubt, such court, tribunal, authority or officer in that State as may be determined after the appointed day by the Government of Andhra Pradesh, or before the appointed day by the Government of Mysore, to be the corresponding court, tribunal, authority or officer.

17. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law. Effect of provisions inconsistent with other laws.

18. If any difficulty arises in giving effect to the provisions of this Act (including any difficulty in relation to the transition under section 13 from one law to another law), the President may by order do anything not inconsistent with any such provision which appears to him to be necessary for the purpose of removing the difficulty. Power to remove difficulties.

19. (1) The Central Government may, by notification in the Official Gazette, make rules to give effect to the provisions of this Act. Power to make rules.

(2) 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 successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, 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.

THE SCHEDULE

[See sections 2 (d) and 3]

TERRITORY TRANSFERRED FROM THE STATE OF MYSORE TO THE STATE OF  
ANDHRA PRADESH

Area comprised in survey number 19 of "Abakavaripalli" village  
of Bagepalli taluk in Kolar district.

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THE APPROPRIATION (RAILWAYS) No. 3 ACT, 1968  
No. 37 OF 1968

[30th August, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1968-69 for the purposes of Railway

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

1. This Act may be called the Appropriation (Railways) No. 3 Short title. Act, 1968.

2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of two lakhs and seventy thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services relating to Railways specified in column 2 of the Schedule.

Issue of  
Rs.  
2,70,000  
out of  
the  
Consoli-  
dated  
Fund of  
India  
for the  
financial  
year  
1968-69.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

1	2	3		
No. of Vote	Services and purpose	Sums not exceeding		
		Voted by Parliament	Charged on the Conso- lidated Fund	Total
		Rs.	Rs.	Rs.
2	Miscellaneous Expenditure . . . . .	3,000	..	3,000
7	Working Expenses—Operation (Fuel) .	..	17,000	17,000
15	Open Line Works—Capital, Deprecia- tion Reserve Fund and Development Fund . . . . .	1,01,000	1,49,000	2,50,000
	TOTAL . . . . .	1,04,000	1,66,000	2,70,000

THE APPROPRIATION (RAILWAYS) NO. 4 ACT, 1968

No. 38 OF 1968

[30th August, 1968]

**An** Act to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services for the purposes of Railways during the financial year ended on the 31st day of March, 1966, in excess of the amounts granted for those services and for that year.

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

1. This Act may be called the Appropriation (Railways) No. 4 Act, 1968. Short title.

2. From and out of the Consolidated Fund of India, the sums specified in column 3 of the Schedule amounting in the aggregate to the sum of one crore, sixty-four lakhs, forty-nine thousand, three hundred and fourteen rupees shall be deemed to have been authorised to be paid and applied to meet the amount spent for defraying the charges in respect of the services relating to Railways specified in column 2 of the Schedule during the financial year ended on the 31st day of March, 1966, in excess of the amounts granted for those services and for that year.

Issue of  
Rs.  
1,64,49,314  
out of the  
Consoli-  
dated  
Fund  
of India  
to meet  
certain  
expendi-  
ture for  
the year  
ended on  
the 31st  
March,  
1966.

3. The sums deemed to have been authorised to be paid and applied from and out of the Consolidated Fund of India under this Act shall be deemed to have been appropriated for the services and purposes expressed in the Schedule in relation to the financial year ended on the 31st day of March, 1966.

Appro-  
priation.

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums aggregating to		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
2	Miscellaneous Expenditure . . . . .	10,34,355	..	10,34,355
5	Working Expenses—Repairs and Main- tenance . . . . .	66,74,139	..	66,74,139
8	Working Expenses—Operation other than Staff and Fuel . . . . .	9,55,653	..	9,55,653
13	Open Line Works—Capital, Deprecia- tion Reserve Fund and Develop- ment Fund . . . . .	77,85,167	..	77,85,167
	TOTAL . . . . .	1,64,49,314	..	1,64,49,314

Rep. by Act... 56 of 1968, S. 2 & Sch. I

THE BIHAR STATE LEGISLATURE (DELEGATION  
OF POWERS) ACT, 1968

No. 39 OF 1968

[30th August, 1968]

An Act to confer on the President the power of the Legislature  
of the State of Bihar to make Laws.

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

1. This Act may be called the Bihar State Legislature (Delega- shrot title.  
tion of Powers) Act, 1968.

2. In this Act, "Proclamation" means the Proclamation issued Definition.  
on the 29th day of June, 1968, under article 356 of the Constitution,  
by the President and published with the notification of the Govern-  
ment of India in the Ministry of Home Affairs No. G.S.R. 1228 of the  
said date.

3. (1) The power of the Legislature of the State of Bihar to Conferment  
make laws, which has been declared by the Proclamation to be exer- on the  
cisable by or under the authority of Parliament, is hereby conferred President  
on the President. of the  
power of  
the State  
Legislature  
to make  
laws.

(2) In the exercise of the said power, the President may, from  
time to time, whether Parliament is or is not in session, enact as  
a President's Act a Bill containing such provisions as he considers laws.  
necessary:

Provided that before enacting any such Act, the President shall,  
whenever he considers it practicable to do so, consult a Committee  
constituted for the purpose consisting of forty members of the House  
of the People nominated by the Speaker and twenty members of the  
Council of States nominated by the Chairman.

REPEAL

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*Bihar State Legislature (Delegation of Powers)* [ACT 39 OF 1968]

(3) Every Act enacted by the President under sub-section (2) shall, as soon as may be after enactment, be laid before each House of Parliament.

(4) Either House of Parliament may, by resolution passed within thirty days from the date on which the Act has been laid before it under sub-section (3), which period may be comprised in one session or in two successive sessions, direct any modifications to be made in the Act and if the modifications are agreed to by the other House of Parliament during the session in which the Act has been so laid before it or the session succeeding, such modifications shall be given effect to by the President by enacting an amending Act under sub-section (2):

Provided that nothing in this sub-section shall affect the validity of the Act or of any action taken thereunder before it is so amended.

# THE BIHAR APPROPRIATION ACT, 1968

NO. 40 OF 1968

[30th August, 1968]

An Act to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the State of Bihar for the services of the financial year 1968-69.

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

- Bihar Act  
1 of 1968.
1. This Act may be called the Bihar Appropriation Act, 1968. Short title.
  2. From and out of the Consolidated Fund of the State of Bihar there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate [inclusive of the sums specified in column 6 of the Schedule to the Bihar Appropriation (Vote on Account) Act, 1968 and of the sums specified in column 3 of the Schedule to the Order made by the President on the 29th day of June, 1968 under article 357 of the Constitution and published with the notification of the Government of India in the Ministry of Finance No. S.O. 2318 of the said date] to the sum of four hundred and thirty-six crores, forty-six lakhs, ninety-two thousand, nine hundred and sixty-two rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69 in respect of the services specified in column 2 of the Schedule. Issue of Rs. 4,36,46,92,962 out of the Consolidated Fund of the State of Bihar for the financial year 1968-69.
  3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Bihar by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Conso- lidated Fund	Total
		Rs.	Rs.	Rs.
1	Taxes . . . . .	71,52,400	5,000	71,57,400
2	Land Revenue . . . . .	5,02,35,704	..	5,02,35,704
3	State Excise Duties . . . . .	66,62,000	..	66,62,000
4	Taxes on Vehicles . . . . .	8,81,300	..	8,81,300
5	Stamps . . . . .	13,39,900	..	13,39,900
6	Registration Fees . . . . .	34,39,850	..	34,39,850
7	Interest on Debt and Other Obligations—Charged . . . . .	..	30,32,92,300	30,32,92,300
8	Appropriation for Reduction or Avoidance of Debt—Charged . . . . .	..	2,21,73,527	2,21,73,527
9	State Legislatures . . . . .	57,64,100	1,09,900	58,74,000
10	General Administration . . . . .	5,24,84,100	14,34,600	5,39,18,700
11	Administration of Justice . . . . .	1,65,74,275	37,26,265	2,03,00,540
12	Jails . . . . .	1,96,64,040	..	1,96,64,040
13	Police . . . . .	13,20,82,714	19,000	13,21,01,714
14	Miscellaneous Departments . . . . .	1,37,100	..	1,37,100
15	Scientific Departments . . . . .	44,62,600	..	44,62,600
16	Education . . . . .	27,57,64,500	..	27,57,64,500
17	Medical . . . . .	10,06,16,400	..	10,06,16,400
18	Public Health . . . . .	7,12,24,281	15,000	7,12,39,281
19	Agriculture . . . . .	17,83,14,700	..	17,83,14,700
20	Animal Husbandry . . . . .	3,24,59,712	..	3,24,59,712
21	Co-operation . . . . .	1,83,49,600	..	1,83,49,600
22	Industries . . . . .	2,37,45,200	..	2,37,45,200
23	Community Development Projects, National Extension Service and Local Development Works . . . . .	8,32,05,889	..	8,32,05,889
24	Labour and Employment . . . . .	2,00,02,200	..	2,00,02,200



I	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
25	Miscellaneous, Social and Developmental Organisations (Welfare of Scheduled Castes, Scheduled Tribes and Backward Classes) . . . . .	3,60,64,600	..	3,60,64,600
26	Miscellaneous, Social and Developmental Organisations (Statistics). . . . .	49,37,500	..	49,37,500
27	Miscellaneous, Social and Developmental Organisations (Miscellaneous Schemes) . . . . .	10,24,400	..	10,24,400
28	Irrigation including Multi-purpose River Schemes . . . . .	40,13,69,700	..	40,13,69,700
29	Electricity Schemes . . . . .	11,11,200	..	11,11,200
30	Public Works . . . . .	8,87,03,100	25,500	8,87,28,600
31	Public Works—Establishment . . . . .	1,91,27,500	..	1,91,27,500
32	Famine Relief . . . . .	76,55,000	..	76,55,000
33	Pensions . . . . .	1,05,23,900	1,34,800	1,06,58,700
34	Stationery and Printing . . . . .	96,47,000	..	96,47,000
35	Forest . . . . .	2,25,62,900	..	2,25,62,900
36	Miscellaneous (Gram Panchayat) . . . . .	1,69,74,375	..	1,69,74,375
37	Miscellaneous . . . . .	1,34,36,732	200	1,34,36,932
38	Miscellaneous (Public Relations Department) . . . . .	39,38,235	..	39,38,235
39	Miscellaneous (Expenditure on Displaced Persons) . . . . .	36,50,663	..	36,50,663
40	Expenditure connected with the National Emergency, 1962 . . . . .	7,55,400	..	7,55,400
41	Payment of compensation to landholders, etc., on the Abolition of Zamindari System . . . . .	2,24,60,000	..	2,24,60,000
42	Capital Outlay on Industrial and Economic Development . . . . .	1,02,89,200	..	1,02,89,200

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
43	Capital Outlay on Other Works . . .	86,83,000	..	86,83,000
44	Capital Outlay on Road and Water Transport Schemes . . .	53,00,000	..	53,00,000
45	Capital Outlay on Schemes of Govern- ment Trading . . .	97,45,43,300	..	97,45,43,300
46	Loans and Advances by State Governments . . .	23,33,76,600	..	23,33,76,600
47	Public Debt—Charged . . .	..	1,03,30,60,000	1,03,30,60,000
	TOTAL .	3,00,06,96,870	1,36,39,96,092	4,36,46,92,962

THE SCHEDULE

(3) (No. 3) Appropriation Act

THE APPROPRIATION (No. 3) ACT, 1968

NO. 41 OF 1968

[30th August, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1968-69.

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

- 1. This Act may be called the Appropriation (No. 3) Act, 1968. Short title.
- 2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of two crores, fifty-four lakhs and eighty-seven thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69 in respect of the services specified in column 2 of the Schedule. Issue of Rs. 2,54,87,000 out of the Consolidated Fund of India for the year 1968-69.
- 3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

000,000	000,000	
000,000	000,000	
000,000	000,000	
000,000	000,000	
000,000	000,000	

## THE SCHEDULE

(See sections 2 and 3)

I	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
8	Education . . . . .	2,00,000	..	2,00,000
26	Other Revenue Expenditure of the Ministry of Finance . . . . .	98,03,000	..	98,03,000
45	Territorial and Political Pensions . . . . .	18,000	..	18,000
55	Salt . . . . .	4,97,000	..	4,97,000
56	Other Revenue Expenditure of the Ministry of Industrial Development and Company Affairs . . . . .	9,42,000	..	9,42,000
58	Broadcasting . . . . .	12,62,000	..	12,62,000
59	Other Revenue Expenditure of the Ministry of Information and Broadcasting . . . . .	..	4,34,000	4,34,000
66	Expenditure on Displaced Persons . . . . .	25,00,000	..	25,00,000
67	Other Revenue Expenditure of the Ministry of Labour, Employment and Rehabilitation . . . . .	1,000	..	1,000
71	Other Revenue Expenditure of the Ministry of Petroleum and Chemicals . . . . .	26,75,000	..	26,75,000
78	Other Revenue Expenditure of the Ministry of Tourism and Civil Aviation . . . . .	50,000	..	50,000
80	Roads . . . . .	..	4,000	4,000
87	Supplies and Disposals . . . . .	..	6,86,000	6,86,000
113	Loans and Advances by the Central Government . . . . .	4,000	..	4,000
	CHARGED.— <i>Repayment of Debt</i> . . . . .	..	1,000	1,000

1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consolidat- ed Fund	Total
		Rs.	Rs.	Rs.
117	Capital Outlay in Union Territories and Tribal Areas	..	63,10,000	63,10,000
129	Capital Outlay on Ports	..	1,00,000	1,00,000
	TOTAL	1,79,52,000	75,35,000	2,54,87,000

THE APPROPRIATION (No. 4) ACT, 1968

No. 42 OF 1968

[30th August, 1968]

An Act to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1966, in excess of the amounts granted for those services and for that year.

Be it enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

Short title.

1. This Act may be called the Appropriation (No. 4) Act, 1968.

Issue of Rs. 16,55,22,841 out of the Consolidated Fund of India to meet certain excess expenditure for the year ended on the 31st March, 1966.

2. From and out of the Consolidated Fund of India, the sums specified in column 3 of the Schedule amounting in the aggregate to the sum of sixteen crores, fifty-five lakhs, twenty-two thousand, eight hundred and forty-one rupees shall be deemed to have been authorised to be paid and applied to meet the amount spent for defraying the charges in respect of the services specified in column 2 of the Schedule during the financial year ended on the 31st day of March, 1966, in excess of the amounts granted for those services and for that year.

Appropriation.

3. The sums deemed to have been authorised to be paid and applied from and out of the Consolidated Fund of India under this Act shall be deemed to have been appropriated for the services and purposes expressed in the Schedule in relation to the financial year ended on the 31st day of March, 1966.

## THE SCHEDULE

[See sections 2 and 3]

I No. of Vote	2 Services and purposes	3 Excess		
		Voted portion	Charged portion	Total
3	Aviation	Rs. 8,43,983	Rs.	Rs. 8,43,983
11	Defence Services, Effective—Army	4,81,43,495		4,81,43,495
12	Defence Services, Effective—Navy	1,33,62,489		1,33,62,489
22	Tribal Areas	56,99,269		56,99,269
23	External Affairs	10,25,075		10,25,075
26	Customs	3,23,488		3,23,488
27	Union Excise Duties	14,34,746		14,34,746
29	Stamps	26,25,973		26,25,973
30	Audit	96,871		96,871
34	Pensions and other Retirement Benefits	..	12,562	12,562
35	Territorial and Political Pensions	41,728	..	41,728
36	Opium	83,313	..	83,313
48	Ministry of Health	70,283	..	70,283
62	Laccadive, Minicoy and Amindivi Islands	1,77,076	..	1,77,076
69	Ministry of Information and Broadcasting	35,318	..	35,318
70	Broadcasting	43,37,385	..	43,37,385
72	Ministry of Irrigation and Power	3,829	..	3,829
82	Ministry of Petroleum and Chemicals	17,487	..	17,487
83	Other Revenue Expenditure of the Ministry of Petroleum and Chemicals	29,95,487	..	29,95,487
87	Geological Survey	34,43,028	..	34,43,028
91	Communications (Including National Highways)	19,12,945	..	19,12,945
94	Other Revenue Expenditure of the Ministry of Transport	1,00,854	..	1,00,854
98	Other Revenue Expenditure of the Ministry of Works and Housing	1,15,844	..	1,15,844
103	Posts and Telegraphs—Working Expenses	1,40,20,088	..	1,40,20,088

1 No. of Vote	2 Services and purposes	3		
		Voted portion	Excess Charged portion	Total
		Rs.	Rs.	Rs.
115	Capital Outlay of the Ministry of Commerce . . . . .	1,32,767	..	1,32,767
116	Capital Outlay of the Ministry of Community Development and Co-operation . . . . .	2,801	..	2,801
117	Defence Capital Outlay . . . . .	4,27,85,359	..	4,27,85,359
119	Capital Outlay of the Ministry of External Affairs . . . . .	18,75,379	..	18,75,379
127	Loans and Advances by the Central Government . . . . .	..	1,98,38,131	1,98,38,131
141	Capital Outlay on Roads . . . . .	..	53,939	53,939
149	Other Capital Outlay of the Department of Communications . . . . .	..	1,849	1,849
	TOTAL . . . . .	14,56,16,360	1,99,06,481	16,55,22,841



THE UTTAR PRADESH APPROPRIATION (No. 3)  
ACT, 1968

No. 43 OF 1968

[30th August, 1968.]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial year 1968-69.

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

1. This Act may be called the Uttar Pradesh Appropriation (No. 3) Act, 1968. Short title.
2. From and out of the Consolidated Fund of the State of Uttar Pradesh there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of thirty-one crores, forty-two lakhs, sixty-seven thousand and five hundred rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services specified in column 2 of the Schedule. Issue of Rs. 31,42,67,500 from and out of the Consolidated Fund of the State of Uttar Pradesh for the financial year 1968-69.
3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Uttar Pradesh by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

i	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
9	Elections . . . . .	56,11,000	..	56,11,000
10	General Administration . . . . .	9,900	..	9,900
11	Commissioners and District Administration . . . . .	22,87,400	..	22,87,400
13	Administration of Justice . . . . .	..	58,900	58,900
14	Jails . . . . .	74,600	..	74,600
15	Police . . . . .	26,55,900	..	26,55,900
17	Scientific Research and Cultural Affairs . . . . .	1,37,400	1,100	1,38,500
18	Education . . . . .	1,800	1,40,200	1,42,000
19	Medical . . . . .	15,22,300	3,800	15,26,100
21	Agricultural Development . . . . .	500	41,700	42,200
23	Animal Husbandry and Fisheries . . . . .	400	..	400
24	Co-operation . . . . .	12,00,000	..	12,00,000
25	Industries . . . . .	8,00,000	1,900	8,91,900
26	Planning and Co-ordination . . . . .	100	1,200	1,300
28	Information Directorate . . . . .	3,000	..	3,000
29	Scheduled and Backward Classes . . . . .	300	..	300
31	Irrigation Works met from Revenue . . . . .	6,02,300	..	6,02,300
32	Irrigation Establishment . . . . .	26,00,000	..	26,00,000
33	Public Works met from Revenue . . . . .	2,45,59,300	..	2,45,59,300

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
36	Grants-in-aid of Public Works . . . . .	4,000	..	4,000
42	Forest . . . . .	..	100	100
44	Expenditure connected with the National Emergency . . . . .	1,15,700	..	1,15,700
45	Capital Outlay on Agricultural Schemes . . . . .	10,00,00,000	..	10,00,00,000
46	Capital Outlay on Industrial and Economic Development . . . . .	1,06,21,000	..	1,06,21,000
47	Capital Outlay on Multi-purpose River Schemes . . . . .	3,00,00,000	..	3,00,00,000
48	Capital Outlay on Irrigation Works . . . . .	2,43,09,300	..	2,43,09,300
49	Capital Outlay on Public Works . . . . .	1,00,31,400	..	1,00,31,400
50	Capital Outlay on Road Transport and Other Schemes. . . . .	1,82,000	58,800	2,40,800
53	Loans and Advances bearing Interest . . . . .	9,65,40,000	..	9,65,40,000
	TOTAL . . . . .	31,39,59,600	3,07,900	31,42,67,500

Rep. by Act... 56 of 1974, S. 2 & Sch I

THE INDIAN PATENTS AND DESIGNS  
(AMENDMENT) ACT, 1968

No. 44 OF 1968

[31st August, 1968]

An Act further to amend the Indian Patents and Designs  
Act, 1911.

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

Short  
title and  
commence-  
ment.

1. (1) This Act may be called the Indian Patents and Designs  
(Amendment) Act, 1968.

(2) It shall be deemed to have come into force on the 10th day  
of July, 1968.

Insertion  
of new  
sections  
78B, 78C,  
78D and  
78E.

2. In the Indian Patents and Designs Act, 1911 (hereinafter re- 2 of 1911.  
ferred to as the principal Act), after section 78A, the following sec-  
tions shall be inserted, namely:—

Special  
provisions  
relating  
to appli-  
cations  
relevant  
for  
defence  
purposes.

78B. (1) Where, in respect of an application, whether made  
before or after the commencement of the Indian Patents and  
Designs (Amendment) Act, 1968, for a patent, it appears 44 of 1968.  
to the Controller that the invention is relevant for defence pur-  
poses, he may, notwithstanding anything contained in the fore-  
going provisions of this Act, at any time before the grant of the  
patent omit to do or delay the doing of anything which he would  
otherwise be required to do in relation to the application and  
also, issue directions prohibiting or restricting,—

(i) the publication of information with respect to the  
subject-matter of the application; or

(ii) the communication of such information to particular persons or classes of persons.

(2) Where the Controller issues any such directions as are referred to in sub-section (1), he shall give notice of the application and of the directions to the Central Government, and the Central Government shall, upon receipt of such notice, consider whether the publication of the invention would be prejudicial to the defence of India, and if, on such consideration, it appears to it that the publication of the invention would not so prejudice, give notice to the Controller to that effect, who shall thereupon revoke the directions and notify the applicant accordingly.

(3) The question whether an invention in respect of which directions have been issued under sub-section (1) continues to be relevant for defence purposes, shall be reconsidered by the Central Government within nine months from the date of issue of such directions and thereafter at intervals not exceeding twelve months, and if, on such reconsideration, it appears to the Central Government that the publication of the invention would no longer be prejudicial to the defence of India, it shall forthwith give notice to the Controller accordingly and the Controller shall thereupon revoke the directions previously issued by him.

(4) The result of every reconsideration under sub-section (3) shall be communicated to the applicant within such time and in such manner as may be prescribed.

(5) Any directions issued under rule 47 of the Defence of India Rules, 1962, in respect of an application for a patent for an invention such as is referred to in sub-section (1), and in force immediately before the commencement of the Indian Patents and Designs (Amendment) Act, 1968, shall, in so far as such directions are not inconsistent with the provisions of this section, be deemed to have been issued under that sub-section and accordingly the provisions of this section shall, so far as may be, apply to such application.

44 of 1968.

78C. (1) Where the Central Government is satisfied that it is necessary or expedient in the public interest so to do, the Central Government may, by notification in the Official Gazette and notwithstanding anything contained in the foregoing provisions of this Act, direct the Controller with respect to—

(a) all applications for patents, whether made before or after the commencement of the Indian Patents and Designs

Special provisions in respect of applications for patents in the field of food, drug or medicine.

(Amendment) Act, 1968, in respect of inventions relating 44 of 1968.  
to—

(i) substances used or capable of being used as food or as medicine or drug, or

(ii) the methods or processes for the manufacture or production of any such substance as is referred to in sub-clause (i), or

(b) any class of applications referred to in clause (a), to abstain from doing, or delay the doing of anything which he would otherwise be required to do in relation to such applications and the Controller shall comply with such direction.

(2) The question whether a direction issued under sub-section (1) continues to be necessary or expedient in the public interest, shall be reconsidered by the Central Government within nine months from the date of issue of such direction and thereafter at intervals not exceeding twelve months, and if, on such reconsideration, it appears to the Central Government that it would no longer be necessary or expedient in the public interest to continue the direction, it shall revoke the direction.

(3) The result of every reconsideration under sub-section (2) shall be published in the Official Gazette.

(4) Any directions issued under rule 47 of the Defence of India Rules, 1962, in respect of such applications or classes of applications for patents as are referred to in sub-section (1), and in force immediately before the commencement of the Indian Patents and Designs (Amendment) Act, 1968, shall, in so far as such directions are not inconsistent with the provisions of this section, be deemed to have been issued under that sub-section and accordingly the provisions of this section shall, so far as may be, apply to such applications. 44 of 1968.

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

(a) “food” means any substance intended for the use of babies, invalids or convalescents, as an article of food or drink;

(b) “medicine or drug” includes—

(i) all medicines for internal or external use of human beings or animals,

(ii) all substances intended to be used for or in the diagnosis, treatment, mitigation or prevention of diseases in human beings or animals.

(iii) all substances intended to be used for or in the maintenance of public health, or the prevention or control of any epidemic disease among human beings or animals,

(iv) all chemical substances which are ordinarily used as intermediates in the preparation or manufacture of any of the medicines or substances referred to above, but does not include insecticide, germicide, fungicide or any other substance intended to be used for the protection or preservation of plants.

78D. (1) So long as any directions issued or deemed to have been issued under section 78B or section 78C are in force in respect of an application,—

Consequences of directions under section 78B or section 78C

(a) the Controller shall not pass an order refusing to accept such application; and

(b) notwithstanding anything contained in this Act, no appeal shall lie against any such direction or from any order of the Controller passed in respect thereof:

Provided that the application may, subject to the directions, proceed to the stage of the acceptance of the complete specification, but the acceptance shall not be advertised nor the specification published, and no patent shall be granted in pursuance of the application.

(2) The Controller may, having regard to the directions issued or deemed to have been issued under section 78B or section 78C in respect of any application for a patent or, as the case may be, any class of applications for patents referred to therein and subject to such conditions, if any, as he thinks fit, extend the period (including any period specified in this Act) as the period on the expiry of which an application for a patent shall be deemed to have been refused, or a patent applied for shall not be sealed, or the specification accompanying an application and the drawing supplied therewith shall be open to public inspection, within which anything is required to be done by or under this Act in connection with such application or applications, whether or not such period has previously expired.

78E. (1) If in respect of an application for a patent any person fails to comply with any direction issued or deemed to have been issued under sub-section (1) of section 78B,—

Contravention of directions under section 78B,

(a) the application for the patent shall be deemed to have been abandoned;

**REPEALED**

258 *Indian Patents and Designs (Amendment)* [ACT 44 OF 1968]

(b) such person shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

(2) If the person committing an offence under sub-section (1) is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

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

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

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

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

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

Repeal  
and  
saving.

3. (1) The Indian Patents and Designs (Amendment) Ordinance, 1968, is hereby repealed. 8 of 1968.

(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.



# THE GOLD (CONTROL) ACT, 1968

## ARRANGEMENT OF SECTIONS

### SECTIONS

#### CHAPTER I

##### PRELIMINARY

1. Short title and extent.
2. Definitions.
3. Act not to apply to gold belonging to Government or the Reserve Bank.

#### CHAPTER II

##### ADMINISTRATOR AND GOLD CONTROL OFFICERS

4. Appointment and functions of Administrator and Gold Control Officers.
5. Power of Administrator to issue directions and orders.
6. Power of Administrator to call for returns as to receipt or sale of hypothecated gold.
7. Administrator, etc., to be public servants.

#### CHAPTER III

##### RESTRICTIONS RELATING TO THE MANUFACTURE, ACQUISITION, POSSESSION, SALE, TRANSFER OR DELIVERY OF GOLD

8. Restrictions regarding acquisition, possession and disposal of gold.
9. Restrictions on the disposal of gold acquired under any authorisation made by the Administrator.
10. Loans not to be obtained on hypothecation of primary gold or undeclared gold.
11. Prohibition regarding making, manufacturing, etc., of primary gold, articles, ornaments, etc.

## CHAPTER IV

## POSSESSION OF GOLD BY PUBLIC RELIGIOUS INSTITUTIONS

## SECTIONS

12. Ban on possession of primary gold when not to apply to primary gold which forms a part of structure, etc., of public religious institutions.
13. Disposal of gold received as offerings.
14. Submission of monthly accounts.
15. Responsibility of the person in charge of public religious institution.

## CHAPTER V

## DECLARATIONS

16. Declarations as to articles or ornaments.

## CHAPTER VI

## REFINERS

17. Licensing of refiners.
18. Refiner to make standard gold bars only.
19. Standard gold bar to be stamped.
20. Acquisition of gold by a refiner.
21. Sale or delivery of gold by a refiner.
22. Licensed refiner to comply with conditions, etc.
23. Prohibition regarding possession of gold not included in any return.
24. Licensed refiner not to keep in a refinery any gold which is not a part of his stock-in-trade.
25. Gold where to be refined when silver, etc., is also refined in the same premises.
26. Silver refiner to keep record of gold recovered from such refining.

## CHAPTER VII

## DEALERS

27. Licensing of dealers.
28. Money-lending business not to be carried on in licensed premises.
29. What a dealer may manufacture.
30. Ornament, etc., to be stamped.
31. Acquisition of gold by a dealer.

## SECTIONS

32. Possession of primary gold by a licensed dealer.
33. Gold which is not a part of the stock-in-trade, not to be kept in the business premises of a dealer.
34. Sale or delivery of gold by a licensed dealer or certified goldsmith.
35. Section 34 not to apply to the transfer of gold to a certified goldsmith or to an artisan.
36. Acquisition, sale, etc., of gold to be subject to conditions.
37. Licensed dealers may take assistance of specialists.
38. Prohibition regarding possession of gold not included in any return.

## CHAPTER VIII

## CERTIFIED GOLDSMITHS

39. Certified goldsmiths.
40. What a certified goldsmith may manufacture.
41. Restrictions on acquisition or sale of gold by a certified goldsmith.
42. Limit on primary gold which a certified goldsmith may possess.
43. Section 37 to apply to certified goldsmiths.

## CHAPTER IX

## ARTISANS

44. Artisans.
45. Functions of an artisan.
46. Limits on primary gold which an artisan may have in his possession.
47. Restrictions on the acquisition, possession or disposal of gold by an artisan.
48. Artisan not to work at any place other than the premises of the dealer.
49. Artisans to carry identity cards with them.

## CHAPTER X

## CANCELLATION AND SUSPENSION OF LICENCES AND CERTIFICATES

50. Cancellation or suspension of licence or certificate.
51. Cancellation of licence or certificate on application by dealer, refiner or certified goldsmith.

## SECTIONS

52. Licence to a firm to be invalid if there is any change in the partnership of a firm.
53. Disposal of gold in the possession of licensed dealers, refiners and certified goldsmiths in certain cases.
54. Display of licences.

## CHAPTER XI

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55. Accounts.
56. Returns as to gold.
57. Production and inspection of accounts.

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## ENTRY, SEARCH, SEIZURE AND ARREST

58. Power to enter and search.
59. Power to search person.
60. Conditions under which a search shall be conducted.
61. Power to search vehicle, etc.
62. Power to search to include power to break open locks, etc.
63. Power to summon persons to give evidence and produce documents.
64. Power to call for information, etc.
65. Power to impound or retain documents.
66. Power to seize.
67. Presumption as to documents in certain cases.
68. Power to arrest.
69. Provisions of sections 102 and 103 of the Code of Criminal Procedure to apply to search and seizure.
70. Power to record statements.

## CHAPTER XIII

## CONFISCATION AND PENALTIES

71. Confiscation of gold.
72. Confiscation of conveyances.
73. Power to give option to pay fine in lieu of confiscation.
74. Liability to penalty.
75. Penalties for contravention, etc., not expressly mentioned.

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76. Reference to gold to be construed as reference to gold of any purity.
77. Confiscation or penalty not to interfere with other punishments.

## CHAPTER XIV

## ADJUDICATION, APPEAL AND REVISION

78. Adjudication.
79. Giving of an opportunity to the owner of gold, etc.
80. Appeal.
81. Power of revision of the Administrator.
82. Power of revision of the Central Government.
83. Power of the adjudicating officer.
84. Finality of orders.

## CHAPTER XV

## OFFENCES AND THEIR TRIAL

85. Punishment for illegal possession, etc., of gold.
86. Failure to make a declaration.
87. Failure to submit returns or to maintain accounts.
88. Dealers, etc., when to be deemed to have abetted an offence.
89. Punishment for the use of counterfeit stamp, etc.
90. Punishment for allowing premises to be used as refinery.
91. Punishment for offences for which no punishment is provided.
92. Power of court to order forfeiture.
93. Offences by companies.
94. Wrongful search, seizure, etc., by Gold Control Officer.
95. Failure of Gold Control Officer in duty or his connivance at the contravention of the provisions of this Act.
96. Punishment for giving false information.
97. Cognizance of offences.
98. Offences to be tried summarily.

## CHAPTER XVI

## MISCELLANEOUS

99. Presumption as to ownership of gold.
100. Precautions to be taken by licensed refiner, dealer or certified goldsmith, before acquiring any gold.

## SECTIONS

101. Power to take samples.
102. Power to delegate.
103. Transfer or transmission of business.
104. Prohibition of use of buildings for carrying on unlicensed refinery.
105. Officers required to assist Gold Control Officer.
106. Recovery of sums due to Government.
107. Secrecy and fidelity.
108. Protection of action taken in good faith.
109. Power to exempt.
110. Procedure in respect of gold seized by police officers.
111. Effect of Act and rules, etc., inconsistent with other enactments.
112. Presumption as to orders.
113. Service of order, decision, etc.
114. Power to make rules.
115. Power of Central Government and Administrator to empower or authorise by general or special order.
116. Repeal and savings.
117. Power to remove difficulties.

# THE GOLD (CONTROL) ACT, 1968

No. 45 OF 1968

1st September, 1968]

An Act to provide, in the economic and financial interests of the community, for the control of the production, manufacture, supply, distribution, use and possession of, and business in, gold, ornaments and articles of gold and for matters connected therewith or incidental thereto.

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

## CHAPTER I

### PRELIMINARY

1. (1) This Act may be called the Gold (Control) Act, 1968.

(2) It extends to the whole of India.

Short  
title and  
extent.

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

(a) "Administrator" means the Administrator appointed under section 4; Definitions.

(b) "article" means any thing (other than ornament), in a finished form, made of, manufactured from or containing, gold, and includes—

(i) any gold coin,

(ii) broken pieces of an article,

but does not include primary gold;

(c) "artisan" means a person (other than a certified goldsmith) who is employed by a licensed dealer, whether on cash or deferred payment or on commission, remuneration or other valuable consideration, to make, manufacture, prepare, repair, polish or process any article or ornament or to melt, process or convert gold for the purpose of making, manufacturing, preparing, repairing or processing any article or ornament;

(d) "certified goldsmith" means a self-employed goldsmith who holds a valid certificate referred to in section 39;

(e) "coin" means a thing which is stamped and issued by or on behalf of Government or by any other authority in exercise of its sovereign power in order to be used for the time being as money, whether such coin is a current coin or not;

(f) "commencement of Part XIIA of the Defence of India Rules, 1962" means the day on which that Part was initially inserted into the Defence of India Rules, 1962, that is to say, the tenth day of January, 1963;

(g) "company" means a company as defined in section 3 of the Companies Act, 1956, and includes a foreign company as defined in section 591 of the said Act; <sup>1 of 1956.</sup>

(h) "dealer" means any person who carries on, directly or otherwise, the business of making, manufacturing, preparing, repairing, polishing, buying, selling, supplying, distributing, melting, processing or converting, gold; whether for cash or for deferred payment or for commission, remuneration or other valuable consideration, and includes—

(i) a Hindu undivided family which carries on such business;

(ii) a local authority, company, society registered under the Societies Registration Act, 1860, co-operative society incorporated under any law with respect to co-operative societies, club, firm or other association of persons which carries on such business, or— <sup>21 of 1860</sup>

(a) buys or accepts gold (for the purpose of making ornaments) from,



(b) makes, manufactures, prepares, repairs or polishes ornaments for,

(c) processes, melts or converts gold (for the purpose of making ornaments) for,

(d) sells, supplies or distributes ornaments or other gold (for the purpose of making ornaments) to,

its members;

(iii) a commission agent, broker, *del credere* agent, auctioneer or other mercantile agent, by whatever name called, who carries on such business on behalf of any principal,

but does not include the Reserve Bank of India, the State Bank of India, any subsidiary bank as defined in clause (k) of section 2 of the State Bank of India (Subsidiary Banks) Act, 1959, or any banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949, in so far as such bank sells or transfers, or exhibits for sale or transfer, any gold.

38 of 1959.

10 of 1949.

*Explanation.*—For the purposes of this Act—

(a) every person who acts as an agent of a dealer residing outside India and carries on the business of such dealer in India or acts on behalf of such dealer as—

3 of 1930.

(i) a mercantile agent as defined in the Sale of Goods Act, 1930, or

(ii) an agent for handling gold or documents of title relating to gold, or

(iii) an agent for the collection or payment of sale price of gold or as a guarantor for such collection or payment; and

(b) every branch in India of a firm or company having its registered office outside India, if such firm or company is a dealer,

shall be deemed to be a dealer;

(i) "declaration" means a declaration which is required by this Act or was required by rule 126-I of the Defence of India Rules, 1962, or the Gold (Control) Ordinance, 1968, to be made with regard to the ownership, possession, custody or control of gold;

(j) "gold" means gold, including its alloy (whether virgin, melted or re-melted, wrought or unwrought), in any shape or form, of a purity of not less than nine carats and includes primary gold, article and ornament;

(k) "gold coin" means a coin made of gold of any purity, whether such purity exceeds nine carats or not;

(l) "Gold Control Officer" means a Gold Control Officer appointed under section 4;

(m) "licensed dealer" means a dealer who holds a valid licence granted under section 27 authorising him to carry on business as a dealer;

(n) "licensed refiner" means a refiner who holds a valid licence granted under section 17 authorising him to carry on business as a refiner;

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

(p) "ornament" means a thing, in a finished form, meant for personal adornment or for the adornment of any idol, deity or any other object of religious worship, made of, or manufactured from, gold, whether or not set with stones or gems (real or artificial), or with pearls (real, cultured or imitation) or with all or any of them, and includes parts, pendants or broken pieces of ornament.

*Explanation.*—For the purposes of this Act, nothing made of gold, which resembles an ornament, shall be deemed to be an ornament unless the thing (having regard to its purity, size, weight, description or workmanship) is such as is commonly used as ornament in any State or Union territory;

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

(r) "primary gold" means gold in any unfinished or semi-finished form and includes ingots, bars, blocks, slabs, billets, shots, pellets, rods, sheets, foils and wires;

(s) "refiner" means a person who, being the owner, lessee or occupier of a refinery, is engaged in the business of melting, assaying, refining, alloying or extracting gold from any ore, salt or chemicals or subjecting it to any other process;

(t) "refinery" means a place where gold is melted, assayed, refined, alloyed or extracted from any ore, salt or chemicals or subjected to any other process for the purpose of making primary gold and includes a place where gold is assayed at the request of any dealer or other person, whether for the purpose of making primary gold or not, but does not include a place where gold is melted, alloyed or subjected to any other process by a licensed dealer or his artisan or a certified goldsmith for the purpose of making, manufacturing, preparing, repairing polishing or processing any article or ornament;

(u) "standard gold bar" means primary gold of such fineness, dimensions, weight and description and containing such particulars as may be prescribed;

(v) "value", in relation to primary gold, article or ornament, means,—

(i) when the gold is seized under this Act, the market price of such gold as on the date of the seizure thereof,

(ii) when the gold is not available for seizure, the market price of such gold as on the date on which the notice referred to in section 79 is issued.

*Explanation.*—"market price"—

(i) in relation to gold seized, means the price at which such gold is ordinarily sold or offered for sale at, or near to, the place of seizure; and

(ii) in relation to any other gold, means the price at which such gold is ordinarily sold or offered for sale at, or near to, the place where the offence in relation to that gold is detected.

3. Nothing in this Act shall apply to, or in relation to,—

(a) any gold belonging to, or in the possession, custody or control of, Government or the Reserve Bank of India,

(b) any melting, assaying, refining, alloying or extracting of gold done by Government in any refinery owned or occupied by

Act not to apply to gold belonging to Government or the Reserve Bank.

it, for the purpose of making or manufacturing primary gold for its own use or for the use of the Reserve Bank of India.

## CHAPTER II

### ADMINISTRATOR AND GOLD CONTROL OFFICERS

Appointment and functions of Administrator and Gold Control Officers.

4. (1) The Central Government shall, by notification, appoint an Administrator for carrying out the purposes of this Act.

(2) The Central Government may, by notification, appoint as many persons as it thinks fit to be Gold Control Officers for the purpose of enforcing the provisions of this Act.

(3) The Administrator shall discharge his functions subject to the general control and directions of the Central Government.

(4) The Administrator may authorise such person as he thinks fit to also exercise all or any of the powers exercisable by him under this Act other than the powers under sub-section (6) of this section or under clause (a) of sub-section (1) of section 80 or under section 81, and different persons may be authorised to exercise different powers.

(5) Subject to any general or special direction given or condition imposed by the Administrator, any person authorised by the Administrator to exercise any powers may exercise those powers in the same manner and with the same effect as if they had been conferred on that person directly by this Act and not by way of authorisation.

(6) The Administrator may also—

(a) perform all or any of the functions of, and

(b) exercise all or any of the powers conferred by this Act or any rule or order made thereunder on,

any officer lower in rank than himself.

(7) A Gold Control Officer shall, subject to such limitations, restrictions and conditions as the Central Government may think fit to impose, exercise such powers and discharge such functions as are specified or conferred, as the case may be, by or under this Act.

Power of Administrator to issue directions and orders.

5. (1) The Administrator may, if he thinks fit, make orders, not inconsistent with the provisions of this Act, for carrying out the provisions of this Act.

(2) The Administrator may, so far as it appears to him to be necessary or expedient for carrying out the provisions of this Act, by order—

(a) regulate, after consultation with the Reserve Bank of India, the price at which any gold may be bought or sold, and

↓ Omitted by Act 26 of 1969, S.2 (w.e.f. 3.7.69).

~~(b) regulate by licences, permits or otherwise, the manufacture, distribution, transport, acquisition, possession, transfer, disposal, use or consumption of gold.~~

6. (1) The Administrator may, if he is of opinion that it is necessary in the public interest so to do, require any person who lends or advances money on the hypothecation, pledge, mortgage or charge of any article or ornament to make to him, in such form and within such time as may be specified, a return as to the receipt, delivery or sale of such article or ornament and as to the persons from whom they were received or, as the case may be, to whom they were delivered or sold.

Power of Administrator to call for returns as to receipt or sale of hypothecated gold.

(2) The Administrator may, by order, authorise any Gold Control Officer to examine the accounts relating to the receipt, delivery or sale of any gold, of any person who advances any money on the hypothecation, pledge, mortgage or charge of any article or ornament, and if any gold is found in the possession of such person which is not entered in such accounts or which is in excess of the quantity shown in such accounts, and which is not otherwise accounted for to the satisfaction of such officer, such gold shall be deemed to be in the possession of such person in contravention of the provisions of this Act.

7. The Administrator, a Gold Control Officer, and any person authorised by the Administrator or the Central Government and performing any functions under this Act, shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

Administrator, etc., to be public servants.

45 of 1860.

### CHAPTER III

#### RESTRICTIONS RELATING TO THE MANUFACTURE, ACQUISITION, POSSESSION, SALE, TRANSFER OR DELIVERY OF GOLD

8. (1) Save as otherwise provided in this Act, no person shall—

(i) own or have in his possession, custody or control, or

(ii) acquire or agree to acquire the ownership, possession, custody or control of, or

(iii) buy, accept or otherwise receive or agree to buy, accept or otherwise receive,

Restrictions regarding acquisition, possession and disposal of gold.

↓ Omitted by Act 26 of 1969, S. 2 (w.e.f. 3.7.69)

any primary gold.

(2) ~~A person—~~

(a) may, subject to the provisions of section 16,—

(i) acquire or agree to acquire the ownership, possession, custody or control of, or

(ii) buy, accept or otherwise receive or agree to buy, accept, ~~by~~ or otherwise receive, or

(iii) sell, deliver, transfer or otherwise dispose of, any ornament which is not required to be included in a declaration;

(b) shall not,—

(i) acquire or agree to acquire the ownership, possession, custody or control of, or

(ii) buy, accept or otherwise receive, or agree to buy, accept, ~~by~~ or otherwise receive, or

(iii) sell, deliver, transfer or otherwise dispose of, or agree to sell, deliver, transfer or otherwise dispose of, any ornament which is required to be included in a declaration unless such ornament has been included in a declaration which has been duly made by the person who intends to sell, deliver, ~~transfer or otherwise dispose of such ornament.~~

(3) Save as otherwise provided in this Act, no person shall—

(a) acquire, or agree to acquire, the ownership, possession, custody or control of, or

(b) buy, accept or otherwise receive, or agree to buy, accept or otherwise receive,

any article, except by succession, intestate or testamentary.

(4) Save as otherwise provided in this Act, no person shall sell, deliver, transfer or otherwise dispose of, or agree to sell, deliver, transfer or otherwise dispose of, any article to a person who is not a licensed dealer or refiner:

Provided that a person may deliver an article to a certified goldsmith for the purpose of repairing or polishing or for the purpose of getting one or more ornaments made, manufactured or prepared therefrom:

Provided further that no such sale, delivery, transfer or disposal of any article shall be made—

(i) where such article is required to be included in a declaration unless such article has been included in a declaration

↳ *Subs. by Act 26 of 1969, s. 2 (Retrospectively)*

which has been duly made by the person who intends to sell, deliver, transfer or otherwise dispose of the same, or

(ii) where such article is not required to be included in a declaration, unless the sale, delivery, transfer or disposal thereof has been authorised by the Administrator.

(5) Notwithstanding anything contained in sub-sections (3) and (4), a person may accept or transfer, by way of gift or exchange, gold coins, not exceeding five in number, if, together with the gold coins received by way of gift or exchange, the total holding of gold coins of the donee or transferee, as the case may be, does not exceed fifty grammes.

(6) Notwithstanding anything contained in this section, the Administrator may, if he is of opinion that the special circumstances of any case or class of cases so require, authorise any person or class of persons to buy or otherwise acquire, accept, or otherwise receive, or sell, deliver, transfer or otherwise dispose of, any primary gold or article.

9. (1) Every person who acquires gold under any authorisation made by the Administrator shall observe such conditions and be subject to such restrictions as may be specified therein and shall furnish to the Administrator an account of such gold, if so required by the Administrator.

Restrictions on the disposal of gold acquired under any authorisation made by the Administrator.

(2) No person receiving, accepting, buying or otherwise acquiring gold in accordance with any authorisation made by the Administrator shall—

(i) sell, deliver, transfer or otherwise dispose of, or agree to sell, deliver, transfer or otherwise dispose of, or

(ii) expose or offer for sale, delivery, transfer, or disposal of, such gold,

except in accordance with such authorisation.

10. No person shall obtain from any other person any loan or advance on the hypothecation, pledge, mortgage or charge of—

Loans not to be obtained on hypothecation of primary gold or undeclared gold.

(a) any primary gold, or

(b) any article or ornament which is required to be included in a declaration unless such article or ornament has been so included:

Provided that, in the case of an article which is not required to be included in a declaration, no transfer or delivery thereof shall be made unless such transfer or delivery has been intimated in writing to the Administrator.

Prohibition regarding making, manufacturing, etc., of primary gold, articles, ornaments, etc.

11. (1) Save as otherwise provided in this Act, no person shall—
- (a) make, manufacture, prepare or process, any primary gold, or
  - (b) make, manufacture, prepare, repair, polish or process, any ornament, or
  - (c) make, manufacture, prepare, repair, polish or process, any article, or
  - (d) make, manufacture or prepare anything containing gold of any purity, whether such purity exceeds nine carats or not, or
  - (e) melt, assay, refine, alloy or extract gold of any purity, whether such purity exceeds nine carats or not, or subject such gold to any other process,

unless he is authorised so to do by the Administrator.

*Explanation.*—Nothing contained in this sub-section shall apply to the polishing by any person, in his dwelling house, of any article, or ornament, or both, belonging to himself or to any other member of his family.

(2) Every authorisation made under sub-section (1) shall be subject to such conditions (including conditions as to the payment of any fee or charges of supervision) and restrictions as may be specified therein.

#### CHAPTER IV

##### POSSESSION OF GOLD BY PUBLIC RELIGIOUS INSTITUTIONS

Ban on possession of primary gold when not to apply to primary gold which forms a part of structure, etc., of public religious institutions.

12. Nothing in clause (i) of sub-section (1) of section 8 shall apply to any primary gold which forms part of any structure or any other construction or appendage within the precincts of a temple, church, mosque, gurdwara or any other place of public religious worship if such primary gold has been included in a declaration.



13. Notwithstanding anything contained in this Act, a public religious institution may receive gold as offerings:

Disposal of gold received as offerings.

Provided that—

(a) where any article is received by such institution, as an offering, such article may be—

(i) kept by such institution for its use, or

(ii) sold to a licensed dealer or refiner, or

(iii) converted into ornaments for the deity or idol, or

(iv) converted, with the previous permission of the Administrator, into any new article which may be required for worship in the institution or for use in, or decoration of, the structure or other construction or appendage within the precincts of the institution;

(b) where any primary gold is received by such institution, as an offering, the institution shall dispose of such primary gold by—

(i) converting the same, with the previous permission of the Administrator, into ornaments for the deity or idol, or into new articles which may be required for worship in the institution or for use in, or decoration of, the structure or other construction or appendage within the precincts of the institution, or

(ii) selling the same to such licensed dealer or refiner as may be specified, and under such conditions, limitations and restrictions as may be imposed, by the Administrator.

14. Without prejudice to the provisions of Chapter V, every public religious institution shall submit, in such form and in such manner as may be prescribed, to the Administrator monthly accounts of gold received by it as offerings and disposed of by it.

Submission of monthly accounts.

15. The person in charge of the management of any public religious institution shall be responsible for anything done or omitted to be done by such institution in relation to any gold.

Responsibility of the person in charge of public religious institution.

CHAPTER V

DECLARATIONS

16. (1) Save as otherwise provided in this Chapter, every person who owns, or is in possession, custody or control of, any article or ornament at the commencement of this Act, or acquires the ownership, possession, custody or control of any article or ornament there-

Declarations as to articles or ornaments.

after, shall make, within thirty days from such commencement or from such acquisition, as the case may be, or within such further period as the Administrator may, on sufficient cause being shown, allow, a declaration in the prescribed form as to the quantity, description and other prescribed particulars of any article, or ornament, or both, owned, possessed, held or controlled by him:

Provided that no such declaration shall be required to be made where a person who, having owned, possessed, held or controlled any article or ornament before the commencement of this Act, has already made a declaration in relation to that article, or ornament, or both:

Provided further that nothing in this sub-section shall be construed as enabling any declaration to be made in respect of any gold for which the period prescribed or allowed under the law for the time being in force before the commencement of this Act had expired before such commencement.

(2) For the removal of doubts, it is hereby declared that the declaration referred to in this section shall be made, in relation to any article, or ornament, or both,—

(a) owned by a minor or a lunatic, by the guardian or manager of such minor or lunatic, as the case may be;

(b) owned by an idol or a deity, by the manager of such idol or deity, whether known as shebait or manager or by any other name;

(c) owned, possessed, held or controlled by a person whose properties are under the management of any administrator or receiver, by such administrator or receiver;

(d) owned, possessed, held or controlled by a person whose properties are under the management of a Court of Wards, by the manager of such Court;

(e) vested in an executor or an administrator of a will or other testamentary disposition, by such executor or administrator;

(f) owned, possessed, held or controlled by the members of a firm, by any partner of such firm;

(g) owned, possessed, held or controlled by a Hindu undivided family, by the head or karta of such family;

(h) which is the subject-matter of any public or private trust, by the trustee of such trust;

(i) owned, possessed, held or controlled by a company, whether incorporated in or outside India, by any person in charge of the management of the affairs of such company;

(j) belonging to a temple, church, mosque, gurdwara or any other religious institution, by the person in charge of the management of such temple, church, mosque, gurdwara or other religious institution;

(k) which is wakf property, by the mutawalli of such wakf;

(l) owned, possessed, held or controlled by any society, club or other association, by the secretary or manager of such society, club or other association;

(m) owned, possessed, held or controlled by any other person, by such person as may be prescribed.

(3) If any person who did not own, possess, hold or control, before the commencement of this Act, any quantity of gold in excess of the quantities specified in sub-section (5), acquires, after such commencement, the ownership (whether by succession, intestate or testamentary, or otherwise), possession, custody or control of any gold and if, as a result of such acquisition, the total quantity of gold owned, possessed, held or controlled by such person exceeds the quantities specified in sub-section (5), such person shall, within thirty days from the date of such acquisition or within such further period as the Administrator may, on sufficient cause being shown, allow, make a declaration in the prescribed form stating the total quantity, description and other prescribed particulars of—

(a) the gold owned, possessed, held or controlled by him immediately after such acquisition, and

(b) the person from whom the ownership, possession, custody or control of such gold was acquired.

(4) If any person who has made a declaration, whether under sub-section (1) or under sub-section (3) or under Part XIIA of the Defence of India Rules, 1962, or under the Gold (Control) Ordinance, 1968, as to gold owned, possessed, held or controlled by him, acquires (whether by succession, intestate or testamentary, or otherwise), or parts with, after such declaration, the ownership, possession, custody or control of any quantity of gold, he shall, as often as he acquires or parts with the ownership, possession, custody or control of any quantity of gold, make, within thirty days from the date of such acquisition or parting with, or within such further period as the Administrator may, on sufficient cause being shown, allow, a further declaration in the prescribed form stating the quantity, description and other prescribed particulars of the gold in relation to which such ownership, possession, custody or control has been acquired or parted with by him and giving the prescribed particulars of the person from whom the ownership, possession, custody or control of such gold was

acquired or in whose favour the ownership, possession, custody or control of such gold was parted with, as the case may be.

(5) No declaration referred to in sub-section (1) or sub-section (3) shall be required to be made,—

(a) in relation to articles, unless the total weight of articles owned, possessed, held or controlled by,—

(i) a minor, who is not a member of a family, exceeds twenty grammes,

(ii) an individual (other than a minor), who is not a member of a family, exceeds fifty grammes,

(iii) a family, exceeds fifty grammes,

(iv) any person referred to in clauses (b) to (f) and (h) to (m) of sub-section (2), exceeds fifty grammes;

(b) in relation to any ornaments, or both articles and ornaments, where both articles and ornaments are owned, possessed, held or controlled, unless the total weight of such ornaments or both articles and ornaments, as the case may be, owned, possessed, held or controlled by,—

(i) an individual who is not a member of a family, exceeds two thousand grammes;

(ii) a family, exceeds four thousand grammes;

(c) in relation to any ornaments, or both articles and ornaments, owned, possessed, held or controlled by any person referred to in clauses (b) to (f) and (h) to (m) of sub-section (2), unless the total weight of such ornaments, or both articles and ornaments, exceeds two thousand grammes.

(6) For the purposes of this section, "family" shall be deemed to consist of—

(i) the husband, wife and one or more minor children, or

(ii) any two or more of them,

but shall not be deemed to include any other person.

(7) Every licensed dealer or refiner shall make a declaration or further declaration, as the case may be, in accordance with the provisions of this section in relation to any gold owned, possessed, held or controlled by him in any capacity other than the capacity of a licensed dealer or refiner and the provisions of sub-section (5) shall not apply to such gold.

*Explanation.*—Where the licensed dealer or refiner is a company or other body corporate or a firm, the declaration referred to in this sub-section shall also be made by every director of such company or body corporate or, as the case may be, every partner of such firm, in respect of the gold owned, possessed, held or controlled by him in any capacity.

(8) Every declaration made under this section shall be made in triplicate, of which one copy shall be authenticated and signed by the Gold Control Officer and thereafter shall be returned to the person making the declaration and the copy so returned shall be retained by such person as evidence of the declaration made by him under this section.

(9) Every declaration made under this section shall be kept by the Gold Control Officer in safe custody and the particulars thereof shall be entered in a register to be maintained for this purpose.

(10) A person who has made a declaration shall, as often as he acquires or parts with, after such declaration the ownership, possession, custody or control of any quantity of gold, endorse within thirty days from the date of such acquisition, or parting with, of gold, in such manner as may be prescribed, on the copy of the declaration retained by him, and shall also produce such copy, within seven days from the date of such endorsement, before the Gold Control Officer, who shall make necessary changes in the register referred to in sub-section (9) and also in the copy of the declaration kept in his safe custody.

(11) No person shall own or have in his possession, custody or control any quantity of gold which is required to be included in a declaration unless such gold has been included in a declaration or further declaration, as the case may be:

Provided that nothing in this sub-section shall apply until the expiry of the period within which a person is entitled to make a declaration or further declaration.

(12) A person upon whom a penalty has been imposed or whose gold has been confiscated under the provisions of Chapter XIII for failure to make a declaration shall, if so directed by the authority adjudging the penalty or confiscation, make a declaration within such time as may be specified in the direction.

(13) Where the period prescribed or allowed under the law in force immediately before the commencement of this Act, for any declaration to be made in respect of any gold, had not expired before such commencement, the declaration may be made within the period prescribed or allowed under such law.

## CHAPTER VI

### REFINERS

Licensing  
of  
refiners.

17. (1) Save as otherwise provided in this Act, no person shall either establish a refinery or carry on business as a refiner unless he holds a valid licence issued in this behalf by the Administrator.

(2) A licence issued under this section,—

(a) shall be in such form as may be prescribed,

(b) shall be valid for such period as may be specified therein,

(c) may be renewed, from time to time, and

~~(d) may contain such conditions, limitations and restrictions as the Administrator may think fit to impose and different conditions, limitations and restrictions may be imposed for different classes of refiners.~~

(3) Every licence issued under Part XIIA of the Defence of India Rules, 1962, or under the Gold (Control) Ordinance, 1968, authorising <sup>6 of 1968</sup> the establishment of a refinery or carrying on of business as a refiner, shall, if in force immediately before the commencement of this Act, continue to be in force until the expiry of the period of its validity or until the cancellation thereof, whichever is earlier.

(4) A person who holds, at the commencement of this Act, a valid licence authorising him to establish a refinery or to carry on business as a refiner shall, if he intends to continue such business after the expiry of the period of its validity, make, at least one month before the expiry of such period, an application (in such form

↓ Subs. by Act 26 of 1969, s. 4 (Retrospective)

and on payment of such fees, not exceeding one hundred rupees, as may be prescribed) for the renewal of such licence.

(5) A person who intends to establish or commence, after the commencement of this Act, a refinery or business as a refiner, shall make an application (in such form and on payment of such fees, not exceeding one hundred rupees, as may be prescribed) for the issue of a licence.

~~(6) On receipt of an application for the issue or renewal of a licence under this section, the Administrator may, after making such inquiry, if any, as he may consider necessary, by order in writing, either issue or renew the licence, or reject the application for the same:~~

Provided that no licence shall be issued or renewed under this section unless the Administrator, having regard to the following matters, is satisfied that the licence should be issued or renewed, namely:—

(a) the number of refineries existing in the region in which the applicant intends to carry on business as a refiner,

(b) the anticipated demand, as estimated by him, for refining facilities in that region,

(c) the facilities existing in that region for the assay of gold by any method other than the touch-stone method,

(d) the turnover of the applicant, if he is already carrying on business as a refiner, during two years immediately preceding the date of application for the renewal of the licence,

(e) the suitability and security of the premises where the applicant intends to carry on business as refiner, and the existence therein of arrangements for the storage of gold before and after refining,

(f) the existence or the probability of existence in the refinery or the proposed refinery, as the case may be, of equipment for the manufacture of standard gold bars and the quality and adequacy of such equipment,

(g) the competence of the applicant to manufacture standard gold bars,

(h) the existence of facilities in the refinery for the exercise of supervision and control by the Administrator or any other person authorised by him in this behalf,

(i) the existence of any refinery established or run by Government,

4 Sub. by Act 26 of 1969, S. 4 (Revised)

- ~~(j) the suitability of the applicant,~~  
~~(k) the public interest, and~~  
~~(l) such other matters as may be prescribed.~~

(7) Any person to whom a licence has been issued or renewed under this section shall comply with the provisions of every law, rule, regulation or bye-law for the time being in force relating to refineries.

(8) A person to whom a licence to carry on business as a refiner is issued under this section shall not carry on business as such refiner in the same premises in which he or any other person carries on business, whether as a dealer or otherwise, or as a money-lender or banker who lends or advances money on the hypothecation, pledge, mortgage or charge of any gold.

(9) Every licensed refiner shall ensure that every person employed by him in the refinery complies, in the course of such employment, with the provisions of this Act or any rule or order made thereunder and of any other law relating to gold or foreign exchange for the time being in force.

Refiner to make standard gold bars only.

18. (1) A licensed refiner may make or manufacture standard gold bars but shall not, unless authorised by the Administrator so to do, make, manufacture or prepare primary gold in any other form:

Provided that such refiner may, in the process of manufacturing standard gold bars, make, manufacture or prepare primary gold.

(2) Unless authorised by the Administrator so to do, a licensed refiner shall not make, manufacture, prepare, repair or polish any article or ornament.

Standard gold bar to be stamped.

19. (1) Every licensed refiner, who makes, manufactures or prepares standard gold bars shall put a stamp on each such gold bar certifying its purity and such stamp shall also contain such other particulars as may be prescribed.

(2) No stamp referred to in sub-section (1) shall be used in stamping any standard gold bar unless such stamp has been approved by the Administrator.

Acquisition of gold by a refiner.

20. Subject to the provisions of section 8, a licensed refiner may buy or otherwise acquire or accept or otherwise receive primary gold, article or ornament from a person for the purpose of refining such gold for making, manufacturing or preparing standard gold bars therefrom.



21. Save as otherwise provided in this Act, no licensed refiner shall sell, deliver, transfer or otherwise dispose of gold in any form, other than in the form of standard gold bars and no such sale, delivery, transfer or disposal shall be made to any person other than a licensed dealer or refiner or certified goldsmith:

Sale or delivery of gold by a refiner.

Provided that a licensed refiner may sell standard gold bars to any person on production by that person of a permit granted by the Administrator in this behalf or to such other person as the Administrator may authorise in this behalf.

22. A licensed refiner shall not—

Licensed refiner to comply with conditions, etc.

- (i) buy or otherwise acquire or accept or otherwise receive, or
- (ii) melt, assay, refine, alloy or extract gold or subject it to any other process, or

(iii) sell, deliver, transfer or otherwise dispose of, any gold, except under such conditions, limitations and restrictions as may be prescribed.

23. Except in the case of any quantity of gold acquired, accepted, bought or received after the date of making of any return referred to in section 56, no licensed refiner shall, in his capacity as such refiner, either own or have in his possession, custody or control any gold which has not been included in such return:

Prohibition regarding possession of gold not included in any return.

Provided that any gold acquired, accepted, bought or received after the date of making such return shall be included in the next succeeding return.

24. Save as otherwise provided in this Act, no licensed refiner shall keep in his refinery any primary gold, article or ornament which is not a part of his stock-in-trade or held by him in his capacity as a refiner and every primary gold, ornament or article found in such refinery shall be deemed to be a part of his stock-in-trade or held by him in his capacity as a refiner.

Licensed refiner not to keep in a refinery any gold which is not a part of his stock-in-trade.

25. If a refiner carries on, in the same premises, the business of refining silver or other metal, he shall carry on the business of refining gold in such part of the premises and under such conditions, limitations and restrictions as may be specified by the Administrator.

Gold where to be refined when silver, etc., is also refined in the same premises.

Silver  
refiner  
to keep  
record  
of gold  
recovered  
from  
such  
refining.

26. Every person who refines or melts silver, including its alloys, shall—

(a) maintain a record of gold, if any, recovered from such refining or melting;

(b) declare on or before the fifth day of each month, in such form as may be prescribed, the quantity of gold so recovered during the month immediately preceding;

(c) sell such gold within a period of thirty days from the date of such declaration or within such further period as, on sufficient cause being shown, may be allowed by the Administrator, to a licensed refiner or, if so authorised by the Administrator, to a licensed dealer.

## CHAPTER VII

### DEALERS

Licensing  
to  
dealers.

27. (1) Save as otherwise provided in this Act, no person shall commence, or carry on, business as a dealer unless he holds a valid licence issued in this behalf by the Administrator.

(2) A licence issued under this section,—

(a) shall be in such form as may be prescribed,

(b) shall be valid for such period as may be specified therein,

(c) may be renewed, from time to time, and

~~(d) may contain such conditions, limitations and restrictions as the Administrator may think fit to impose and different conditions, limitations and restrictions may be imposed for different classes of dealers.~~

(3) Every licence issued under Part XIIA of the Defence of India Rules, 1962, or under the Gold (Control) Ordinance, 1968, 6 of 1968, authorising the commencement or carrying on of business as a dealer, shall, if in force immediately before the commencement of this Act, continue to be in force until the expiry of the period of its validity or until the cancellation thereof, whichever is earlier.

(4) A person who holds, at the commencement of this Act, a valid licence authorising him to commence or to carry on business as a dealer shall, if he intends to continue such business after the expiry of the period of its validity, make, at least one month before the expiry of such period, an application (in such form and on payment of such fees, not exceeding one hundred rupees, as may be prescribed) for the renewal of such licence.

(5) A person who intends to commence, after the commencement of this Act, business as a dealer, shall make an application

4 Ins. under 26 of 1969, S. 5 (w.e.f. 3.7.69)  
3 Sub. by S.G. Chid (Reinspected)

of 1968]

(in such form and on payment of such fees, not exceeding one hundred rupees, as may be prescribed) for the issue of a licence.

(6) On receipt of an application for the issue or renewal of a licence under this section, the Administrator may, after making such inquiry, if any, as he may consider necessary, by order in writing either issue or renew the licence, or reject the application for the same:

Provided that no licence shall be issued or renewed under this section unless the Administrator, having regard to the following matters, is satisfied that the licence should be issued or renewed, namely:—

(a) the number of dealers existing in the region in which the applicant intends to carry on business as a dealer,

(b) the anticipated demand, as estimated by him, for ornaments in that region,

(c) the turnover of the applicant, if he had been carrying on business as a dealer prior to the commencement of Part XIIA of the Defence of India Rules, 1962, during the two years immediately preceding such commencement, or, in the case of an application for the renewal of a licence, the date of the application for such renewal,

(d) the previous experience, if any, of the applicant with regard to the making, manufacturing, preparing, repairing or polishing of, or dealing in, ornaments,

(e) the suitability of the applicant,

(f) the suitability of the premises where the applicant intends to carry on business as a dealer,

(g) the public interest, and

(h) such other matters as may be prescribed.

(7) (a) The Administrator shall specify in each licence granted to a dealer, the premises in which such dealer shall carry on business and no other person shall carry on business as a dealer in the said premises.

(b) A licensed dealer shall not carry on business as such dealer in any premises other than the premises specified in his licence.

(8) Every licensed dealer shall ensure that every artisan or other person employed by him complies, in the course of such employment, with the provisions of this Act or any rule or order made thereunder and of any other law relating to gold or foreign exchange for the time being in force.

Money-lending business not to be carried on in licensed premises.

28. No licensed dealer shall, unless authorised by the Administrator so to do,—

(a) carry on business as a money-lender or banker on the security of any article, or ornament, or both,

(b) permit any other person to carry on money-lending, banking or any other business,

in the same premises in which he carries on business as such dealer.

What a dealer may manufacture.

29. Subject to the other provisions of this Act, a licensed dealer may make, manufacture, prepare, repair, polish or process ornaments and may also repair or polish articles but shall not, unless authorised by the Administrator so to do, make, manufacture or prepare any primary gold or article:

Provided that such dealer may, in the process of making, manufacturing, preparing or repairing ornaments, make, manufacture or prepare primary gold (other than standard gold bar) by melting, processing or converting any article, ornament or standard gold bar acquired, accepted or received by him in accordance with the provisions of Part XIIA of the Defence of India Rules, 1962, or, as the case may be, the Gold (Control) Ordinance, 1968 or of this Act.

6 of

Ornament, etc., to be stamped.

30. (1) Every licensed dealer shall stamp every piece of article or ornament made, manufactured or prepared by him certifying the purity of the gold:

Provided that nothing in this section shall apply to any article or ornament on which, owing to its nature or the smallness of its size, it is not possible to put such a stamp.

(2) Every stamp referred to in sub-section (1) shall also contain such other particulars as may be prescribed.

Acquisition of gold by a dealer.

31. Save as otherwise provided in this Act, no licensed dealer shall buy or otherwise acquire or agree to buy or otherwise acquire or accept or otherwise receive or agree to accept or otherwise receive any article, ornament or primary gold from a person who is not a licensed dealer or refiner:

Provided that any such dealer may buy or otherwise acquire or accept or otherwise receive or agree to buy or otherwise acquire or accept or otherwise receive from a person who is not a licensed dealer or refiner,—

~~(i) any ornament which is not required to be included in a declaration or any ornament which, being required to be included in a declaration, has been so included,~~

(ii) any article which, being required to be included in a declaration has been so included, or where such article is not

*↳ Subs. by Act 26 of 1969, S. 7 (retrospectively).*

required to be included in a declaration, if the sale, delivery, transfer or disposal of such article has been authorised by the Administrator,

(iii) any primary gold, if the person selling, delivering, transferring, or otherwise disposing of the same has been authorised so to do by the Administrator:

Provided further that where any such dealer has delivered any article, ornament or primary gold to his artisan or a certified goldsmith, for the purpose of making, manufacturing, preparing, repairing or polishing any ornament, he may, after such ornament has been made, manufactured, prepared, repaired or polished, take back such ornament from the artisan or certified goldsmith, as the case may be.

~~32. Save as otherwise provided in this Act, no licensed dealer shall either own or have at any time in his possession, custody or control primary gold in any form except in the form of standard gold bars:~~

Possession of primary gold by a licensed dealer.

Provided that such dealer may, unless the Central Government (having regard to the needs of the trade, volume of business and public interest) otherwise directs, own or keep in his possession, custody or control not more than—

(a) four hundred grammes, if he does not employ any artisan,

(b) five hundred grammes, if he employs not more than ten artisans,

(c) one thousand grammes, if he employs more than ten but not more than twenty artisans,

(d) two thousand grammes, if he employs more than twenty artisans,

~~of primary gold in any form other than in the form of standard gold bars.~~

33. No licensed dealer shall keep in the premises where he carries on business as such dealer any primary gold, article or ornament which is not a part of his stock-in-trade or held by him in his capacity as a dealer and every primary gold, ornament or article found in such premises shall be deemed to be a part of the stock-in-trade of such dealer or held by him in his capacity as a dealer.

Gold which is not a part of the stock-in-trade, not to be kept in the business premises of a dealer.

↳ *Sub. by Act 26 of 1969, s. 8 (w.e.f. 2.7.69).*

Sale or delivery of gold by a licensed dealer or certified goldsmith.

34. (1) A licensed dealer may sell, deliver, transfer or otherwise dispose of or agree to sell, deliver, transfer or otherwise dispose of ornaments to any person.

(2) Save as otherwise provided in this Act, no licensed dealer shall—

(a) sell, deliver, transfer or otherwise dispose of or agree to sell, deliver, transfer or otherwise dispose of, or

(b) expose or offer for sale, delivery, transfer or disposal—

(i) primary gold to any person other than a licensed dealer or refiner or certified goldsmith,

(ii) any article to any person other than a licensed dealer or refiner:

Provided that a licensed dealer shall not sell or transfer primary gold to any other licensed dealer or to any certified goldsmith in any form except in the form of standard gold bars.

(3) Notwithstanding anything contained in sub-section (2), a licensed dealer may sell or deliver primary gold or article to any person in pursuance of an authorisation made by the Administrator or on production by that person of a permit granted by the Administrator in this behalf.

Section 34 not to apply to the transfer of gold to a certified goldsmith or to an artisan.

35. Nothing contained in section 34 shall apply to the transfer or delivery, by a licensed dealer, of any primary gold or article to any certified goldsmith or artisan for the purpose of getting any ornaments made, manufactured, prepared, repaired or polished by such certified goldsmith or artisan.

Acquisition, sale, etc., of gold to be subject to conditions.

36. Every acquisition, acceptance, sale, delivery, transfer or disposal of gold by a licensed dealer shall be made in accordance with such conditions, limitations and restrictions as may be prescribed in this behalf.

Licensed dealers may take assistance of specialists.

37. A licensed dealer may, in the course, and for the purpose, of manufacturing ornaments, send gold to any other dealer who possesses equipment for drawing wires or for die-casting or who is a specialist in stone-setting engraving, enamelling, polishing or any other special process necessary for or ancillary to the making, manufacturing, preparing, repairing or polishing of such ornament and that other dealer shall return such gold to the licensed dealer from whom he had received it after the completion of the process for which it was sent to him.

38. Except in the case of any quantity of gold acquired, accepted or received after the date of making of any return referred to in section 56, no licensed dealer shall, in his capacity as such dealer, either own or have in his possession, custody or control any gold which has not been included in such return:

Provided that any gold acquired, accepted or received after the date of making such return shall be included in the next succeeding return.

Prohibition regarding possession of gold not included in any return.

### CHAPTER VIII

#### CERTIFIED GOLDSMITHS

39. (1) Save as otherwise provided in this Act, no person shall commence, or carry on, business as a goldsmith after the commencement of this Act, unless he holds a valid certificate recognizing him as a goldsmith.

Certified goldsmiths

(2) The certificate referred to in sub-section (1)—

(a) shall be in such form as may be prescribed,

(b) shall be valid until the death of the holder, or the cancellation, thereof, whichever is earlier, and

~~(c) may contain such conditions, limitations and restrictions, as the Administrator may think fit to impose and different conditions, limitations and restrictions may be imposed for different classes of certified goldsmiths.~~

(3) Every certificate granted to a person under Part XIIA of the Defence of India Rules, 1962, or under the Gold (Control) Ordinance, 1968, recognizing him as a goldsmith, shall, if in force immediately before the commencement of this Act, continue to be in force until the death of the holder, or the cancellation, thereof, whichever is earlier.

6 of 1968.

(4) On and from the commencement of this Act, the following classes of persons shall be eligible to apply for the grant of a certificate, namely:—

(a) a person who had been carrying on business as a goldsmith for more than a year immediately before the commencement of Part XIIA of the Defence of India Rules, 1962;

(b) a person who, at the commencement of this Act, is a member of the family of a certified goldsmith and had been assisting him in his work as a goldsmith for not less than one year;

(c) a person who has received any loan from the Government under any scheme for the rehabilitation of goldsmiths and has made, within six months from the commencement of this Act, an application for the grant of a certificate:

4. Sub. by Act 26 of 1969, s.9 (Retrospectively).



Provided that a certificate granted to such person shall be cancelled unless he repays the loan, within a period of two years from the date of the grant of such certificate, in such instalments as the authority by which the loan was granted may specify in this behalf;

(d) an artisan if he surrenders his identity card as an artisan;

~~(e) a person who belongs to a category or class to which, in the opinion of the Administrator, the certificate may be granted in the public interest.~~

*Explanation.*—A person who is engaged as a hired labourer by a certified goldsmith shall not be eligible to receive a certificate under this section.

(5) Every application for the grant of a certificate referred to in sub-section (1) shall be made in such form, in such manner and on payment of such fee, not exceeding ten rupees, as may be prescribed.

(6) On receipt of an application for the grant of a certificate, the Administrator may, after making such inquiry, if any, as he may consider necessary as to the antecedents of the applicant, his competence to work as a goldsmith and his suitability for the grant of a certificate, by order, in writing, either grant the certificate or reject the application for the same.

(7) Every certified goldsmith shall have in his possession the certificate granted to him while he carries on business as such goldsmith and shall produce it for inspection on demand by any Gold Control Officer.

(8) A certified goldsmith may engage not more than one hired labourer to assist him in his work as a goldsmith but such hired labourer shall not make, manufacture, prepare, repair or process any article or ornament.

40. A certified goldsmith may make, manufacture, prepare, repair, polish or process ornaments and may also repair or polish articles but shall not, unless authorised by the Administrator so to do, make, manufacture or prepare any primary gold or article:

What a  
certified  
gold-  
smith  
may  
manufac-  
ture.

Provided that, subject to the provisions of section 42, a certified goldsmith may, in the process of making, manufacturing, preparing or repairing ornaments, make, manufacture or prepare primary gold (other than standard gold bar) by melting, processing or converting any article, ornament or standard gold bar acquired, accepted or received by him in accordance with the provisions of Part XIII A of the

↳ Subs. by Act 26 of 1969, S. 9 (Retrospectively).  
↳ Ins. by Ordinance (w.e.f. 2.7.69).



6 of 1968. Defence of India Rules, 1962, or, as the case may be, the Gold (Control) Ordinance, 1968, or of this Act.

41. A certified goldsmith—

(a) may—

(i) buy standard gold bars from a licensed dealer or refiner,

(ii) accept or otherwise receive any article, ornament or primary gold from a licensed dealer for the purpose of making, manufacturing, preparing, or repairing ornaments for such licensed dealer,

(iii) accept or otherwise receive, subject to the provisions of section 8, from any other person any article or ornament for the purpose of making, manufacturing or preparing ornament for such person or for the purpose of repairing or polishing such article or ornament;

(b) shall not, save as otherwise provided in this Act, buy or agree to buy or sell or agree to sell any primary gold, article or ornament.

Restrictions on acquisition or sale of gold by a certified goldsmith.

42. No certified goldsmith shall either own or have at any time in his possession, custody or control any quantity of—

(i) standard gold bars in excess of one hundred grammes, or

(ii) any quantity of primary gold (including standard gold bars) in excess of three hundred grammes.

Limit on primary gold which a certified goldsmith may possess.

43. The provisions of section 37 shall apply so far as may be to a certified goldsmith as they apply to a licensed dealer subject to the modification that every reference therein to a licensed dealer shall be construed as a reference to a certified goldsmith.

Section 37 to apply to certified goldsmiths.

## CHAPTER IX

### ARTISANS

44. (1) A licensed dealer may employ, whether on a whole-time or part-time basis or on payment of daily wages or other remuneration, an artisan—

Artisans.

(a) who is or was a dealer or a goldsmith or was employed by a dealer, for a period of not less than one year immediately preceding the commencement of Part XIIA of the Defence of India Rules, 1962, or at any time thereafter but before the commencement of this Act, or

(b) who is eligible to obtain a certificate recognizing him as a goldsmith.

(2) No person shall be employed by any licensed dealer as an artisan unless an identity card has been given to such artisan by the licensed dealer and no artisan, the countersignature of whose identity card has been refused or whose identity card has been cancelled, shall be employed by a licensed dealer after such refusal or cancellation.

(3) Before employing an artisan, a licensed dealer shall make inquiries as to the antecedents of the artisan and grant him an identity card, in such form and containing such particulars as may be prescribed, and enter the name and the prescribed particulars of such artisan in a register to be maintained in such form as may be prescribed and shall send such identity card within one month from the date of issue thereof to the Gold Control Officer for approval and countersignature.

(4) On receipt of the identity card of an artisan under this Act the Gold Control Officer may, after making such inquiry, if any, as he may consider necessary, either countersign the identity card or if he is of opinion that the applicant is not a suitable person for employment as an artisan, refuse in writing to countersign such identity card.

(5) The Gold Control Officer may, if he is satisfied that the particulars of an artisan, as entered in the register referred to in subsection (3) are incorrect or false in material particulars or that the artisan has contravened any provision of this Act or any rule or order made thereunder or of any other law relating to gold or foreign exchange for the time being in force, cancel the identity card of such artisan:

Provided that no such cancellation shall be made unless the artisan has been given a reasonable opportunity of showing cause against the proposed action.

(6) The identity card,—

(a) of an artisan, who is dismissed by the dealer by whom he is employed, or

(b) the countersignature of which has been refused, or

(c) which has been cancelled,

shall be immediately recovered by the licensed dealer by whom the artisan holding such card is employed and such dealer shall immediately recover all the quantity of gold which was in the possession.

custody or control of such artisan on the date of such dismissal, refusal or cancellation, as the case may be.

(7) No licensed dealer or certified goldsmith shall accept employment as an artisan unless he has, before commencing work as an artisan, surrendered his licence or certificate, as the case may be, to the Gold Control Officer:

Provided that where such licensed dealer or certified goldsmith makes an application to the effect that he intends to resume business as such dealer or goldsmith, the licence or certificate, as the case may be, which was surrendered by him may be restored to him and thereupon he shall surrender the identity card which was granted to him under this section:

Provided further that no such restoration shall be made if such dealer or goldsmith has, while functioning as an artisan, contravened any provision of this Act or of any rule or order made thereunder or of any other law, for the time being in force, relating to gold or foreign exchange.

45. Subject to the other provisions of this Act, an artisan may make, manufacture, prepare, repair or polish ornaments, and may also repair or polish an article, for the dealer by whom he is employed, but shall not, unless the dealer by whom he is employed is authorised by the Administrator, so to do, make, manufacture or prepare any primary gold or article:

Functions of an artisan.

Provided that such artisan may, in the process of making, manufacturing, preparing or repairing ornaments, make, manufacture or prepare primary gold (other than standard gold bar) by melting, processing or converting any article or ornament or standard gold bar received by him from the licensed dealer by whom he is employed.

~~46. The total quantity of primary gold in the possession, custody or control, whether individually or collectively, of the artisans employed by a licensed dealer shall not, at any time, exceed the limits specified in section 32.~~

Limits on primary gold which an artisan may have in his possession.

47. (1) An Artisan may accept article, ornament or primary gold from the licensed dealer by whom he is employed for the purpose of making, manufacturing, preparing, repairing or polishing ornaments for such dealer.

Restrictions on the acquisition, possession or disposal of gold by an artisan.

*Sub. by Act 26 of 1969 s. 10 (w.e.f. 3.7.69)*

(2) No artisan shall save as otherwise provided in this Act,—

(i) buy or otherwise acquire or agree to buy or otherwise acquire, or

(ii) accept or otherwise receive or agree to accept or otherwise receive, or

(iii) sell, deliver, transfer or otherwise dispose of or agree to sell, deliver, transfer or otherwise dispose of,

any article, ornament or primary gold.

Artisan not to work at any place other than the premises of the dealer.

48. An artisan shall not work as such at any place other than the premises specified in the licence issued to the dealer by whom he is employed.

Artisans to carry identity cards with them.

49. Every artisan shall have in his possession the identity card granted to him while he carries on work as such artisan and shall produce it for inspection on demand by any Gold Control Officer,

## CHAPTER X

### CANCELLATION AND SUSPENSION OF LICENCES AND CERTIFICATES

Cancellation or suspension of licence or certificate.

50. (1) The Administrator may, if he has any reasonable cause to believe that the holder of any licence or certificate issued, renewed or continued under this Act has made any statement in, or in relation to, any application for the issue or renewal of a licence or for the issue of a certificate under this Act which is incorrect or false in material particulars or has contravened any provisions of Part XIIA of the Defence of India Rules, 1962, the Gold (Control) Ordinance, 1968, or of this Act of 1968, or any rule or order made thereunder or of any other law for the time being in force which prohibits, restricts or regulates the bringing into or taking out of India of any goods [including coins, currency (whether Indian or foreign) and foreign exchange] or the carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing such goods or the making of any payment in relation to such goods,—

~~(i) suspend such licence or certificate, as the case may be, pending the completion of any inquiry or trial against the holder of such licence or certificate, as the case may be, for such contravention, or~~

↓ Ins. by Act 26 of 1969, s. 11 (Retrospective)  
 & Ordinance, ibid (w.e.f. 3.7.69).

~~(ii) cancel such licence or certificate, as the case may be:~~

~~Provided that no such licence or certificate shall be suspended for a period exceeding ten days or cancelled unless the holder thereof has been given a reasonable opportunity of showing cause against the proposed action.~~

(2) Every person whose licence or certificate has been suspended shall, immediately after such suspension, stop functioning as such licensee or holder of such certificate and shall not resume business as such licensee or holder of such certificate until the order of such suspension has been vacated.

(3) Every person who holds a licence or certificate which is suspended or cancelled shall, immediately after such suspension or cancellation, surrender such licence or certificate, as the case may be, to the authority by which such licence or certificate was issued.

51. A licensed dealer or refiner or a certified goldsmith who continues, or intends to discontinue, business as such dealer or refiner or certified goldsmith, may make an application to the Administrator for the cancellation of his licence or certificate, as the case may be, and thereupon the Administrator may cancel the licence or certificate which was issued or renewed to such dealer or refiner or certified goldsmith.

Cancellation of licence or certificate on application by dealer, refiner or certified goldsmith.

52. Where any firm has been licensed under this Act to carry on business as a dealer or refiner, such licence shall, notwithstanding anything contained in this Act, become invalid on and from the date on which there is a change in the partnership of such firm, unless such change in the partnership has been approved by the Administrator.

Licence to a firm to be invalid if there is any change in the partnership of a firm.

53. Where the period of validity of any licence issued to a dealer or refiner has expired or where any application for the renewal of such licence, has been rejected, or where such licence or a certificate granted to a goldsmith has been cancelled, such dealer, refiner or certified goldsmith, as the case may be, shall, within thirty days from the date of such expiry, rejection or cancellation,—

Disposal of gold in the possession of licensed dealers, refiners and certified goldsmiths in certain cases.

(i) sell or otherwise transfer to any other licensed dealer or refiner the entire quantity of gold (other than ornaments) in his possession, custody or control on the date of such expiry, rejection or cancellation, as the case may be, and send intimation thereof to the Administrator: and

*Sub. by Act 26 of 1969, S. 11 (Retrospective)*

(ii) either sell or otherwise transfer or take over as personal property any ornament which is in his possession, custody or control on the said date.

Display of  
licences.

54. Every licensed dealer and every licensed refiner shall display his licence at a conspicuous place of the premises in which he carries on business as a licensed dealer or refiner.

## CHAPTER XI

### ACCOUNTS AND RETURNS

Accounts.

55. (1) Every licensed dealer, every licensed refiner and every certified goldsmith shall keep, in such form and in such manner as may be prescribed, a true and complete account of the gold owned, possessed, held, controlled, bought or otherwise acquired, or accepted or otherwise received, or sold, delivered, transferred or otherwise disposed of, by him in his capacity as such licensed dealer or refiner or certified goldsmith, as the case may be, and different forms of accounts may be prescribed for different classes of licensed dealers, refiners or certified goldsmiths.

(2) Every licensed dealer, every licensed refiner and every certified goldsmith shall as and when he buys or otherwise acquires or accepts or otherwise receives, or sells, delivers, transfers or otherwise disposes of, any gold, enter in the accounts referred to in sub-section (1) the prescribed particulars of such gold and the prescribed particulars of the person from whom such gold was bought, acquired, accepted or otherwise received or to whom such gold was sold, delivered, transferred or otherwise disposed of.

(3) No licensed dealer or refiner and no certified goldsmith shall, in his capacity as licensed dealer or refiner, either own or have in his possession, custody or control any gold which has not been included in the accounts referred to in sub-section (1).

Returns as  
to gold.

56. (1) Every licensed dealer, every licensed refiner and every certified goldsmith shall furnish to the Administrator such returns as to the quantity, description and other prescribed particulars of gold owned, possessed, held or controlled by him, in such form and within such time as may be prescribed and different returns may be prescribed for different classes of licensed dealers or refiners or certified goldsmiths.

(2) Every return shall be made in triplicate, of which one copy shall be authenticated and signed by the Gold Control Officer and

thereafter shall be returned to the dealer or, as the case may be, the refiner and the copy so returned shall be retained by the dealer or refiner as the evidence of the return made by him under this section.

57. (1) Every licensed dealer, and every licensed refiner and every certified goldsmith shall, if so required by the Gold Control Officer,—

Production and inspection of accounts.

(a) produce before him any accounts, register or other documents, and

(b) furnish to the Gold Control Officer any information relating to any gold owned by him or in his possession, custody or control or to the acceptance, receipt, acquisition, sale, delivery, transfer or other disposal of any gold by him.

(2) Every account, register and other document relating to any gold or to the acceptance, acquisition, receipt, sale, delivery, transfer or other disposal thereof and any gold owned by or in the possession, custody or control of any licensed dealer or refiner or certified goldsmith, wherever kept, shall be liable to be inspected by any Gold Control Officer and such officer may, for the purposes of such inspection, enter, at any reasonable time, the business premises of a licensed dealer or refiner or certified goldsmith.

## CHAPTER XII

### ENTRY, SEARCH, SEIZURE AND ARREST

58. (1) Any Gold Control Officer authorised in this behalf by the Administrator may, if he has any reason to suspect that any provision of this Act has been, or is being, or is about to be, contravened, enter and search, at any reasonable time, any refinery or the business premises of a licensed dealer or a certified goldsmith.

Power to enter and search.

(2) Any Gold Control Officer, not below the rank of a Superintendent of Central Excise, empowered in this behalf by the Central Government, may, if he has any reason to suspect that any provision of this Act has been, or is being, or is about to be, contravened, authorise any officer of Government to enter and to search any premises, vaults, lockers, or any other place, whether above or below ground, or may himself do so.

59. Any Gold Control Officer authorised in this behalf by the Administrator may, if he has any reason to suspect that any person has secreted about his person or in any other thing,—

Power to search person.

(a) any gold in respect of which he suspects that any provision of this Act has been or is being or is about to be contravened;

(b) any document which, in his opinion, will be useful for, or relevant to, any inquiry or proceeding in relation to the contravention of any provision of this Act or of any rule or order made thereunder,

detain and search such person or thing: provided that the period of detention, if any, under this section shall not exceed twenty-four hours.

Condi-  
tions  
under  
which a  
search  
shall be  
conduct-  
ed.

60. (1) When any such officer referred to in section 59 is about to search the person referred to in that section, he shall, if such person so requires, take such person without any unnecessary delay, to the nearest Gold Control Officer of gazetted rank (hereafter in this section referred to as the gazetted officer) or to the nearest magistrate.

(2) If such requisition is made, the Gold Control Officer may detain the person making it until he can bring him before the gazetted officer or magistrate referred to in sub-section (1).

(3) The gazetted officer or magistrate before whom any person is brought shall, if he sees no reasonable ground for search, forthwith discharge the person but otherwise shall direct that search be made.

(4) No female shall be searched by any one excepting a female.

Power  
to  
search  
vehicle,  
etc.

61. Any Gold Control Officer authorised in this behalf by the Administrator may, if he has any reason to suspect that any conveyance or animal is being, or is about to be, used for the transport of any gold in respect of which he suspects that any provision of this Act has been, or is being, or is about to be, contravened, at any time stop such conveyance or animal, or, in the case of an aircraft, compel it to land, and

(a) rummage and search the conveyance or part thereof;

(b) examine and search any goods in the conveyance or on the animal;

(c) if it becomes necessary to stop any conveyance or animal, he may use all lawful means for stopping it, and where such means fail, the conveyance or animal may be fired upon.

*Explanation.*—Any reference to a conveyance in this Chapter and in Chapters XIII, XIV and XV shall, unless the context otherwise requires, be construed as including a reference to any aircraft, vehicle or vessel.



62. Every person making a search under this Act shall have the power to break open the lock of any door, almirah, safe, box, cupboard, drawer, package or any other thing, if the key thereof is withheld.

Power to search to include power to break open locks, etc.

63. (1) Any Gold Control Officer of a gazetted rank shall have power to summon any person whose attendance he considers necessary either to give evidence or to produce any document or other thing in any inquiry which such officer is making in connection with any contravention of any provision of this Act.

Power to summon persons to give evidence and produce documents.

(2) A summons to produce documents or other things may be for the production of certain specified documents or things or for the production of all documents or things of a certain description, in the possession, custody or control of the person summoned.

(3) All persons so summoned shall be bound to attend in person and to state the truth upon any subject respecting which they are summoned and produce such documents and other things as may be required:

Provided that where any person has been summoned merely to produce a document or other thing, he shall be deemed to have complied with the summons if he causes such document or other thing to be produced instead of attending personally to produce the same:

5 of 1908.

Provided further that the exemption under section 132 of the Code of Civil Procedure, 1908, shall be applicable to any requisition for attendance under this section.

45 of 1860.

(4) Every such inquiry as aforesaid shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code.

64. Any Gold Control Officer may, during the course of any inquiry in connection with the contravention of any provision of this Act,—

Power to call for information, etc.

(a) call for information from any person for the purpose of satisfying himself whether there has been any contravention of the provisions of this Act or any rule or order made thereunder;

(b) require any person to produce or deliver any document or thing useful for, or relevant to, the inquiry;

(c) examine any person acquainted with the facts and circumstances of the case.

Power  
to  
impound  
or retain  
docu-  
ments.

65. Any document or other thing which is produced before any Gold Control Officer, in pursuance of the provisions of section 63 or section 64, may be impounded or retained in his custody by such officer for such period as he may consider necessary:

Provided that no document or other thing shall be—

(a) impounded without recording reasons for so doing, or

(b) retained in the custody of such officer for a period exceeding fifteen days (exclusive of holidays) unless he has obtained the approval of an officer (not below the rank of an Assistant Collector of Central Excise or of Customs), who is superior to him in rank, for so doing.

Power  
to seize.

66. (1) If any Gold Control Officer has reason to believe that in respect of any gold any provision of this Act has been, or is being, or is attempted to be, contravened, then, he may seize—

(a) such gold along with the package, covering or receptacle, if any (and the contents thereof), in which the gold is found;

(b) any other goods in which any quantity of such gold has been mixed.

(2) Any Gold Control Officer may seize—

(a) any document or other thing which, in his opinion, will be useful for, or relevant to, any inquiry or proceeding for the contravention of any provision of this Act or any rule or order made thereunder;

(b) any conveyance or animal which has been, or is being, or is attempted to be, used for the transport of any gold in relation to which any provision of this Act or any rule or order made thereunder has been, or is being, or is attempted to be, contravened.

(3) Any document or other thing seized under sub-section (2) shall not be retained by the Gold Control Officer for a period exceeding six months from the date of the seizure unless the reasons for retaining the same are recorded by him in writing and the approval of the Administrator for such retention is obtained:

Provided that the Administrator shall not authorise the retention of the document or other thing for a period exceeding thirty days after all proceedings, for which the document or other thing is useful or relevant, are completed.

(4) The person from whose custody any document or other thing is seized under sub-section (2) may make copies thereof or take extracts therefrom in the presence of the Gold Control Officer or any other person empowered by him in this behalf, at such place and at such time as the Gold Control Officer may appoint in this behalf.

(5) If a person legally entitled to the document or other thing seized under sub-section (2) objects for any reason to the approval being given by the Administrator under sub-section (3), he may make an application to the Central Government stating therein the reasons for such objection and requesting for the return of the document or other thing.

(6) On receipt of the application under sub-section (5) the Central Government may, after giving the applicant an opportunity of being heard, pass such orders as it may think fit.

~~67. Where any document is produced by any person under this Act or has been seized thereunder from the custody or control of any person and such document is tendered by the prosecution in evidence against him, the court shall, notwithstanding anything to the contrary contained in any other law for the time being in force,—~~

Presumption as to documents in certain cases.

(a) presume, unless the contrary is proved, that the signature and every other part of such document which purports to be in the handwriting of any particular person or which the court may reasonably assume to have been signed by or to be in the handwriting of, any particular person, is in that person's handwriting, and in the case of a document executed or attested, that it was executed or attested by the person by whom it purports to have been so executed or attested;

(b) admit the document in evidence, notwithstanding that it is not duly stamped if such document is otherwise admissible in evidence.

Power to arrest.

68. (1) Any Gold Control Officer authorised by the Administrator in this behalf may, if he has reasons to believe that any person has contravened, or is contravening, or is about to contravene any provision of this Act, arrest such person and shall as soon as possible inform him of the grounds for such arrest and shall take such arrested person to the nearest magistrate within a period of twenty-four hours of such arrest excluding the time necessary for the journey from the place of arrest to the court of the magistrate and no such person shall be detained in custody beyond the said period without the authority of a magistrate.

(2) Any officer who has arrested any person under this section shall, for the purpose of releasing such person on bail or otherwise, have the same powers and be subject to the same provisions as the officer-in-charge of a police station has, and is subject to, under the Code of Criminal Procedure, 1898.

5 of 1898.

Provisions of sections 102 and 103 of the Code of Criminal Procedure to apply to search and seizure.

69. The provisions of sections 102 and 103 of the Code of Criminal Procedure, 1898, relating to search and seizure shall, so far as they are applicable, apply in relation to every search made under this Act and to every seizure made in the course of such search.

5 of 1898.

Power to record statements.

70. Where at the time of arrest or seizure under this Act, or the detection of any contravention of any provision of this Act or any rule or order made thereunder, any person makes a statement to the officer making such arrest, seizure or detection, that officer shall record in writing the statement of such person in as nearly as possible the language in which such statement is made and shall on demand by such person furnish him with a copy of the statement.

CHAPTER XIII

CONFISCATION AND PENALTIES

Confiscation to of gold.

71. (1) Any gold in respect of which any provision of this Act or any rule or order made thereunder has been, or is being, or is attempted to be, contravened, shall be liable to confiscation.

(2) Any package covering or receptacle (including its other contents) in which any gold liable to confiscation under sub-section (1) is found shall also be liable to confiscation.

1 Subs. by Act- 21 of 1971, S. 2 (retrospectively)  
2 Subs. (wef. 20-5-71)

(3) Where any gold liable to confiscation under sub-section (1) is mixed with other goods in such manner that such gold cannot be separated from those other goods, the whole of such goods shall be liable to confiscation.

(4) Any gold which is liable to confiscation under sub-section (1), shall be so liable notwithstanding any change in its form.

72. Any conveyance or animal which has been, or is being, or is attempted to be, used for the transport of gold in relation to which any provision of this Act or any rule or order made thereunder has been, or is being, or is attempted to be, contravened, shall be liable to confiscation unless the owner of the conveyance or animal proves that it was so used or about to be used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance or animal and that each of them had taken all reasonable precautions against such use:

Confisca-  
tion  
of  
convey-  
ances.

Provided that where any such conveyance or animal is used for the transport of goods or passengers for hire, the owner of the conveyance or animal shall, notwithstanding the provisions contained in section 73, be given an option to pay in lieu of confiscation of the conveyance or animal, a fine not exceeding the value of the gold in relation to which the provision of this Act or any rule or order made thereunder has been, or is being, or is about to be, contravened.

73. Whenever any confiscation is authorised by this Act, the officer adjudging it may, subject to such conditions as may be specified in the order adjudging the confiscation, give to the owner thereof an option to pay in lieu of confiscation such fine, not exceeding twice the value of the thing in respect of which confiscation is authorised, as the said officer thinks fit.

Power to  
give option  
to pay fine  
in lieu of  
confisca-  
tion.

(xxx)

74. Any person who, in relation to any gold does or omits to do any act which act or omission would render such gold liable to confiscation under this Act, or abets the doing or omission of such an act, or is in charge of the conveyance or animal which is liable to confiscation under this Act, shall be liable to a penalty not exceeding five times the value of the gold or one thousand rupees, whichever is more, whether or not such gold has been confiscated or is available for confiscation.

Liability  
to  
penalty.

4 omitted by Act 21 of 1971, s. 3 (retrospectively)

Penal-  
ties for  
contra-  
vention,  
etc., not  
express-  
ly men-  
tioned.

75. Any person who contravenes any provision of this Act or any rule or order made thereunder or abets any such contravention or who fails to comply with any provision of this Act, or any rule or order made thereunder shall, where no express penalty is elsewhere provided for such contravention or failure, be liable to such penalty, not exceeding one thousand rupees, for every such contravention, failure or abetment, as the case may be.

Reference  
to gold  
to be  
construed  
as refe-  
rence to  
gold of  
any purity.

76. Any reference to gold in this Chapter and in Chapters XII, XIV, XV and XVI shall, unless the context otherwise requires, be construed as including a reference to any article or thing made of, or containing, gold of any purity, whether such purity exceeds nine carats or not.

Confisca-  
tion or  
penalty  
not to  
interfere  
with  
other  
punish-  
ments.

77. No confiscation made or penalty imposed under this Act shall prevent the infliction of any other punishment to which the person affected thereby is liable under the provisions of this Act or under any other law.

## CHAPTER XIV

### ADJUDICATION, APPEAL AND REVISION

Adjudica-  
tion.

78. Any confiscation may be adjudged or penalty may be imposed under this Act—

(a) without limit, by a Gold Control Officer not below the rank of a Collector of Central Excise or of Customs;

(b) subject to such limits as may be specified in this behalf, by such other Gold Control Officer, not below the rank of a Superintendent of Central Excise, as the Central Government may, by notification, authorise in this behalf.

Giving  
of an  
opportu-  
nity  
to the  
owner of  
gold, etc.

79. No order of adjudication of confiscation or penalty shall be made unless the owner of the gold, conveyance, or animal or other person concerned is given a notice in writing—

(i) informing him of the grounds on which it is proposed to confiscate such gold, conveyance or animal or to impose a penalty; and

(ii) giving him a reasonable opportunity of making a representation in writing within such reasonable time as may be specified in the notice against the confiscation or imposition of penalty mentioned therein and, if he so desires, of being heard in the matter:

Provided that the notice and the representation referred to in this section may, at the request of the owner or other person concerned, be oral:

Provided further that where no such notice is given within a period of six months from the date of the seizure of the gold, conveyance or animal or such further period as the Collector of Central Excise or of Customs may allow, such gold, conveyance or animal shall be returned after the expiry of that period to the person from whose possession it was seized.

*Explanation.*—Where any fresh adjudication is ordered under this Act, the period of six months specified in the second proviso shall be computed from the date on which such order for fresh adjudication is made.

80. (1) Any person aggrieved by any decision or order made under this Act, may prefer an appeal,—

(a) where the decision or order has been made by a Collector of Central Excise or of Customs, as the case may be, to the Administrator;

(b) where the decision or order has been made by any officer below the rank of a Collector of Central Excise or of Customs, as the case may be,—

(i) to the Collector of Central Excise or of Customs, as the case may be, to whom the officer who made such decision or order is subordinate, or

(ii) if the Central Government so directs, to the Appellate Collector of Customs,

within a period of three months from the date of communication to such person of the decision or order:

Provided that the appellate authority may, if it is satisfied that the appellant was prevented by sufficient cause from preferring an appeal within the aforesaid period of three months, allow such appeal to be preferred within a further period of three months.

(2) The appellate authority may, after giving to the appellant an opportunity of being heard, if he so desires, and after making such further inquiries, if any, as it may consider necessary, pass such order as it thinks fit, confirming, modifying or reversing the decision or order appealed against, or may send back the case, with such

directions, as it may think fit, for a fresh adjudication or decision, as the case may be, after taking additional evidence, if necessary:

Provided that an order enhancing any penalty or fine in lieu of confiscation or confiscating goods of greater value shall not be made under this section unless the appellant has had an opportunity of making a representation and, if he so desires, of being heard in his defence.

Power of  
revision of  
the Adminis-  
trator.

81. The Administrator may, of his own motion or otherwise, call for and examine the record of any proceeding in which any order of adjudication of confiscation or penalty, or any other decision or order has been made by any Gold Control Officer and against which no appeal has been preferred, for the purpose of satisfying himself as to the correctness, legality or propriety of such order or decision and may pass such orders thereon as he may think fit:

Provided that no decision or order shall be varied under this section so as to prejudicially affect any person unless such person—

(a) has within a period of two years from the date of such decision or order received a notice to show cause why such decision or order shall not be varied, and

(b) has been given a reasonable opportunity of making a representation and, if he so desires, of being heard, in his defence.

Power of  
revision of  
the Central  
Govern-  
ment.

82. (1) The Central Government may, on the application of any person aggrieved by any decision given or order made under this Act from which no appeal lies, pass such orders as it may think fit if such application has been made within six months from the date of the decision or order or within such further time as the Central Government may allow.

(2) The Central Government may, on its own motion or otherwise, call for and examine the record of any proceeding in which any decision or order has been made on appeal for the purpose of satisfying itself as to the correctness, legality or propriety of such decision or order and may pass such order thereon as it may think fit.

(3) No decision or order shall be varied under this section so as to prejudicially affect any person unless such person—

(a) has within a period of one year from the date of such decision or order, received a notice to show cause why such decision or order shall not be varied, and



(b) has been given a reasonable opportunity of making a representation and, if he so desires, of being heard, in his defence.

5 of 1908. 83. (1) Every person or authority making any adjudication or hearing any appeal or exercising any powers of revision under this Act shall have all the powers of a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:— Power of the adjudicating officer.

(a) summoning and enforcing the attendance of witnesses;

(b) requiring the discovery and production of any document;

(c) requisitioning any public record or copy thereof from any court or office;

(d) receiving evidence on affidavits; and

(e) issuing commissions for the examination of witnesses or documents.

5 of 1898. (2) Every person or authority making any adjudication or hearing any appeal or exercising any powers under this Act shall be deemed to be a civil court for the purposes of sections 480 and 482 of the Code of Criminal Procedure, 1898.

(3) Every person or authority making any adjudication or hearing any appeal or exercising any powers of revision under this Act shall have the power to make such orders of an interim nature as it may think fit and may also, for sufficient cause, order the stay of operation of any decision or order.

84. Notwithstanding anything contained in any other law—

(a) any order passed by the Administrator or the Central Government in revision, Finality of orders.

(b) subject to such order of the Government or the Administrator, any order passed on appeal, and

(c) subject to the final order of the Central Government or of the Administrator in revision and the order on appeal, any order of adjudication of confiscation, fine or penalty, or any other decision given or order made under this Act,

shall be final and shall not be called in question in any court except in a High Court and except on a question of law.

CHAPTER XV

OFFENCES AND THEIR TRIAL

[11] 4 85. Whoever, in contravention of the provisions of this Act or any rule or order made thereunder,—

(i) makes, manufactures, prepares or processes any primary gold, or Punishment for illegal possession, etc., of gold.

4. Renumbered by Act 26 of 1973, S. 14



87. Whoever omits without any reasonable cause to maintain accounts or to submit any return in accordance with the provisions of this Act or any rule or order made thereunder or who keeps any accounts or makes any statement in any return which is false or which he knows or has reason to believe to be incorrect, shall, without prejudice to any other action that may be taken under this Act be punished with imprisonment for a term which may extend to two years and also with fine, and in the event of a second or subsequent offence, with imprisonment for a term which shall not be less than six months but not more than three years and also with fine.

Failure to submit or returns to maintain accounts.

~~88. (1) A dealer or refiner who knows or has reason to believe that any provision of this Act or any rule or order made thereunder has been, or is being, contravened, by any person employed by him in the course of such employment, shall be deemed to have abetted an offence against this Act.~~

Dealers, etc. when to be deemed to have abetted an offence.

~~(2) Whoever abets, or is deemed under sub-section (1) to have abetted, an offence against this Act, shall be punished with imprisonment for a term which may extend to three years and shall also be liable to fine.~~

89. Whoever,—

(i) counterfeits any stamp intending that the same shall be used for stamping any standard gold bar, article or ornament, or uses any counterfeit stamp knowing it to be counterfeit, or

Punishment for the use of counterfeit stamp etc.

(ii) falsely stamps any primary gold, article or ornament with the intention of causing it to be believed that such primary gold, article or ornament is of such purity as is mentioned in such stamp, or

(iii) sells, delivers, transfers or otherwise disposes of, or agrees to sell, deliver, transfer or otherwise dispose of, or exposes or offers for sale, delivery, transfer, or disposal, falsely stamped primary gold, article or ornament knowing or having reason to believe it to be so, or

(iv) unlawfully has in his possession, custody or control any implement, instrument, apparatus, appliance, machinery or other equipment or any chemical, mould, stamp or any other material which he either knows or has reason to believe to be intended for refining or assaying any primary gold or for counterfeiting any mark on any standard gold bar, article or ornament,

shall be punished with imprisonment for a term which shall not be less than six months but not more than three years and shall also be liable to fine:

1 M. of Law—41

↳ Sub. by Act 26 of 1969, S. 12 (w.c.g. 3.7.69).

Provided that the court may, if it is satisfied that the special circumstances of the case so require, impose a sentence of imprisonment for a term which may be less than six months.

Punishment for allowing premises to be used as refinery. Punishment for offences for which no punishment is provided.

Power of court to order forfeiture.

Offences by companies.

90. Whoever knowingly allows any person to use any premises or any part thereof as a refinery in contravention of the provisions of section 104 shall be punished with imprisonment for a term which may extend to one year, or with fine, or with both.

91. Whoever contravenes any provisions of this Act or any rule or order made thereunder for which no punishment is separately provided in this Chapter, shall be punished with imprisonment for a term which may extend to three months, or with fine, or with both.

92. A court trying an offence against this Act may order the forfeiture of any implement, instrument, apparatus, appliance, machinery or other material which the court is satisfied has been used in or in connection with the making or manufacturing of any standard gold bar, primary gold, article or ornament in contravention of the provisions of this Act or of any rule or order made thereunder.

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

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

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

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

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

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

94. Any officer exercising powers under this Act or any rule or order made thereunder, who knows that there are no reasonable grounds for suspicion for so doing, and yet—

Wrongful search, seizure, etc., by Gold Control Officer

(a) searches or causes to be searched any house, conveyance or place,

(b) searches or arrests any person, or

(c) seizes any movable property,

shall, for every such offence, be punished with fine which may extend to two thousand rupees.

95. (1) Any Gold Control Officer who ceases or refuses to perform or withdraws himself from the duties of his office shall, unless he has obtained the express written permission of the Collector of Central Excise or of Customs, as the case may be, or has other lawful excuse for so doing, be punished with imprisonment for a term which may extend to one year, or with fine, or with both.

Failure of Gold Control Officer in duty or his connivance at the contravention of the provisions of this Act.

(2) Any Gold Control Officer who wilfully aids in or connives at the contravention of any provision of this Act or of any rule or order made thereunder shall, for every such offence, be punished with imprisonment for a term which may extend to three years, or with fine, or with both.

96. Any person who wilfully or maliciously gives any false information which leads to any arrest, search or seizure under this Act shall be punished with imprisonment for a term which may extend to two years, or with fine, or with both.

Punishment for giving false information.

97. (1) Save as otherwise provided in sub-section (2), no court shall take cognizance of any offence against this Act except on a complaint in writing made by a Gold Control Officer, not below the rank of a Collector of Central Excise or of Customs, having jurisdiction over the area in which the offence is committed or any person authorised by him in writing in this behalf.

Cognizance of offences.

(2) No court shall take cognizance of any offence against this Act committed by a Gold Control Officer, except on a complaint in writing made with the previous sanction of the Central Government.

4. Ins. by Act 26 of 1973, S. 15.

2. Subs. by Act 36 of 1973, S. 18.

Offences to be tried summarily.

98. Notwithstanding anything contained in the Code of Criminal Procedure, 1898,—

5 of 1898.

(i) no magistrate, other than a presidency magistrate or a magistrate of the first class shall try an offence against this Act,

~~(ii) every offence against this Act may be tried summarily by a magistrate.~~

CHAPTER XVI

MISCELLANEOUS

Presumption as to ownership of gold.

99. Any person who has in his possession, custody or control any primary gold, article or ornament shall be presumed, unless the contrary is proved, to be the owner thereof.

Precautions to be taken by licensed dealer or certified goldsmith, before acquiring any gold.

100. Every licensed dealer or refiner or certified goldsmith shall, before accepting, buying or otherwise receiving any gold from any person, take all reasonable steps to satisfy himself as to the identity of such person and if, after an inquiry made by an officer authorised in this behalf by the Administrator, it is found that such person is not either readily traceable or is a fictitious person, it shall be presumed, unless such dealer or refiner or certified goldsmith, as the case may be, establishes that he had taken all reasonable steps to satisfy himself as to the identity of such person, that such gold was bought, acquired, accepted or received by such licensed dealer or refiner or certified goldsmith, as the case may be, in contravention of the provisions of this Act.

Power to take samples.

101. (1) A Gold Control Officer authorised in this behalf may—

(a) take samples of gold from any dealer, refiner or other person;

(b) send such samples for assay or analysis to such authority as may be prescribed and require such authority to send to him a report as to the result of the assay or analysis.

(2) Where any sample has been taken under sub-section (1),—

(a) such sample shall be restored to the person from whom it was taken after the purpose for which it was taken has been carried out but if such person fails to take delivery of the sample within three months from the date on which it was proposed to be returned to him, it may be disposed of in such manner as the Administrator may direct;

1. Subs. by Act 20 of 1969, S. 13 (wef 3.7.69)  
2. Subs. by Act 36 of 1973, S. 18.  
3. Ins. by S. 17, ibid.

(b) no compensation shall be payable for any reduction in the weight of such sample by reason of any test, assay or analysis.

102. The Central Government may, by notification, direct that all or any of the powers which may be exercised by it under this Act, except those conferred by section 114, shall, in such circumstances and under such conditions, if any, as may be specified in the notification, be exercised also by such person or authority as may be specified therein.

Power to delegate.

103. (1) Where the business of a licensed dealer or refiner is transmitted by succession, intestate or testamentary, the heir or legatee, as the case may be, shall not carry on such business or run such refinery either in his own name or in some other name unless the heir or legatee has, before the expiry of sixty days after the date of such transmission, made to the Administrator an application for the issue of a licence in accordance with the provisions of this Act:

Transfer or transmission of business.

Provided that nothing in this section shall be deemed to prohibit the heir or legatee from carrying on business as a dealer or refiner for the aforesaid period of sixty days, and, if he has applied for such licence, until he is granted the licence or is, by a notice in writing, informed by the Administrator that such licence cannot be granted to him.

(2) Where the business of a licensed dealer or refiner is transferred by sale, gift, lease or otherwise, the transferee or lessee, as the case may be, shall not carry on such business or run such refinery either in his own name or in some other name unless he has obtained a licence in accordance with this Act to carry on such business or to run refinery.

(3) The provisions of section 53 shall apply to the gold in the possession, custody or control of an heir, legatee, transferee or lessee referred to in sub-section (1) or sub-section (2) who does not intend to carry on business as a licensed dealer or refiner or whose application for the issue of a licence has been rejected, as they apply to the gold in the possession, custody or control of a licensed dealer or refiner whose application for the renewal of a licence has been rejected, or the period of validity of whose licence has expired or whose licence has been cancelled.

Prohibition of use of buildings for carrying on unlicensed refinery.

104. No person,—

(a) being the owner, lessor or landlord of any premises or the agent of such owner, lessor or landlord, shall let the same or any part thereof with the knowledge that the same or part thereof is intended to be used as a refinery or wilfully allow any person to use such premises or any part thereof as a refinery unless the refiner has been licensed under this Act; or

(b) being the tenant, lessee or occupier or any person in charge of any premises, shall use, or allow any person to use, such premises or any part thereof as a refinery unless the refiner has been licensed under this Act.

Officers, required to assist Gold Control Officer.

105. All officers of police and all officers of Government engaged in the collection, or prevention of evasion, of revenue are hereby required and empowered to assist the Gold Control Officers in the execution of the provisions of this Act or of any rule or order made thereunder.

Recovery of sums due to Government.

106. In respect of any penalty imposed under this Act and any other sum of any kind payable to the Central Government under any of the provisions of this Act or of any rule or order made thereunder, the Gold Control Officer, who is empowered to impose such penalty or to require the payment of such sum, may deduct the amount of the penalty or such sum from any money owing to the person from whom such penalty or such sum may be recoverable or due, or may recover such amount or sum by attachment and sale of the goods belonging to such person; and if the amount of the penalty or other sum is not so recovered, the Gold Control Officer may prepare a certificate signed by him specifying the amount or other sum due from the person liable to pay the amount or sum and send it to the Collector of the district in which such person resides or conducts his business and the said Collector, on receipt of such certificate, shall proceed to recover from the said person the amount or sum specified therein as if it were an arrear of land revenue.

Secrecy and fidelity.

107. (1) All particulars contained in any return or declaration made or accounts, registers or other documents produced in accordance with this Act shall, save as otherwise provided in subsection (3), be treated as confidential, and notwithstanding anything contained in the Indian Evidence Act, 1872, no court shall be entitled 1 of 1872. to require the Administrator or any person authorised by the Administrator under this Act or any officer or other employee of Government to produce before it any such return, declaration, accounts, registers or other documents or any part thereof or to give evidence before it in respect thereof.



(2) The Administrator or any person exercising any powers or performing any functions under this Act shall not divulge—

(i) any information contained in any return or declaration made to, or any account, register or other document produced before, or inspected by him, or

(ii) any other fact or information which comes to his knowledge by virtue of his office or in the course of his duty.

(3) The Administrator or any gazetted officer authorised by him in this behalf may request any officer of Government or the Reserve Bank of India to furnish any information relating to any particulars contained in any return or declaration made to, or any accounts, registers or other documents produced before or inspected by such officer under the provisions of any law if, in the opinion of the Administrator or the gazetted officer aforesaid, such information is necessary for the implementation of any provisions of this Act; and when such request is made, the officer of Government or Reserve Bank of India, as the case may be, shall comply with such request notwithstanding the provisions of any such law forbidding the furnishing of such information.

(4) Nothing in this section shall apply to, and in relation to, the disclosure of any information referred to in sub-section (1) or sub-section (2)—

(a) for the purposes of any prosecution for any offence against this Act, or

(b) to any officer of Government where it is necessary to make such disclosure to such officer for the purposes of this Act or of any other law.

108. (1) No suit, prosecution or other legal proceeding shall lie against the Central Government, the Administrator, any Gold Control Officer or any person authorised by the Central Government or the Administrator for performing any functions under this Act for anything which is in good faith done or intended to be done under this Act or any rule or order made thereunder.

Protec-  
tion of  
action  
taken in  
good  
faith.

Power to  
exempt.

109. Where, on the recommendation of the Administrator or otherwise, the Central Government is of opinion that it is necessary or expedient in the public interest so to do, it may, by order and subject to such conditions, if any, as it may specify in the order exempt any dealer or any refiner or any other person from the operation of all or any of the provisions of this Act and may, as often as may be, revoke or modify such order.

Procedure  
in respect  
of gold  
seized by  
police  
officers.

110. (1) Where any police officer seizes any gold which is alleged or suspected to have been stolen or which is found under circumstances which create suspicion of the commission of an offence, such police officer shall forthwith report the seizure of such gold to the nearest Gold Control Officer of or above the rank of a Superintendent of Central Excise.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1898, in every case referred to in sub-section (1), the police officer shall immediately after the dismissal of the complaint or the conclusion of the inquiry or trial, as the case may be, cause such gold to be conveyed and delivered to the nearest Gold Control Officer of or above the rank of a Superintendent of Central Excise. 5 of 1898.

Effect of  
Act  
and  
rules, etc.,  
inconsis-  
tent with  
other  
enact-  
ments.

111. The provisions of this Act or any rule or order made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument having effect by virtue of any enactment other than this Act.

Presump-  
tion as to  
orders.

112. Where an order purports to have been signed by the Administrator or any person authorised in this behalf in exercise of any power conferred by or under this Act, a court shall presume, within the meaning of the Indian Evidence Act 1872, that such order was so made by that person. 1 of 1872

Service  
of order,  
decision,  
etc.

113. Any order or decision passed or any summons or notice issued under this Act, shall be served---

(a) by tendering the order, decision, summons or notice, or sending it by registered post, to the person for whom it is intended or to his agent; or

(b) if the order, decision, summons or notice cannot be served in the manner provided in clause (a), by affixing it on the notice board of the office of the Gold Control Officer.

114. (1) The Central Government may, by notification, make rules for carrying out the purpose of this Act. Power to  
make  
rules.

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

(a) fineness, dimensions, weight and description of a standard gold bar;

(b) particulars to be stamped on a standard gold bar, article or ornament;

(c) forms of—

(i) monthly accounts to be submitted by public religious institutions;

(ii) declarations;

(iii) licences and applications for the issue or renewal thereof;

(iv) certificates and applications for the issue or renewal thereof;

(v) declarations to be made as to recovery of gold by a silver refiner;

(vi) accounts and returns to be submitted by a person acquiring gold under any permit or other authority;

(vii) permits to be granted under this Act;

(viii) returns to be submitted by a licensed dealer or refiner;

(ix) identity card of an artisan;

(x) register of artisans;

(xi) accounts to be maintained by a licensed dealer or refiner or a certified goldsmith;

- (d) conditions, limitations and restrictions subject to which—
- (i) a dealer may sell, deliver, transfer or otherwise dispose of any gold on the hypothecation, pledge, mortgage or charge of which he had advanced any loan;
  - (ii) a refiner may refine gold;
  - (iii) a licensed refiner may buy, acquire, accept or receive, gold, or melt, assay, refine, extract or alloy gold or subject it to any other process, or sell, deliver, transfer or otherwise dispose of any gold;
  - (iv) a licensed dealer may buy, acquire, accept or receive or sell, deliver, transfer or dispose of gold;
- (e) fees or charges to be paid—
- (i) in respect of applications for the issue or renewal of licences or certificates;
  - (ii) for exercising supervision over the making, manufacturing or preparing any article or thing made of, or containing, gold of any purity;
  - (iii) for any appeal or application for revision;
- (f) period—
- (i) of validity of a licence, certificate or permit;
  - (ii) within which returns and declarations as to gold should be submitted by dealers, refiners and other persons;
- (g) manner in which samples of gold may be taken from any dealer, refiner or other person and the person to whom such samples may be sent for assay or analysis;
- (h) manner—
- (i) in which accounts are to be submitted by public religious institutions;
  - (ii) of endorsement on a declaration, when any gold is acquired or parted with;
  - (iii) of publication of notices and orders;
  - (i) regulating the use and consumption of gold by industrial users and other persons;
- ↳ [ (k) ] any other matter which is required to be, or may be, prescribed.

↳ Repealed & inv. by Act 26 of 1969, s. 14 (w. e. f. 3.7.69)  
 3. Inv. by Act 36 of 1973, s. 19.

(3) Every rule made by the Central Government 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 successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, 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.

115. (1) Where, by this Act, a power has been conferred on the Central Government or the Administrator to make any authorisation or exemption or to make any order or direction, then, such power may be exercised by a general or special order.

Power of Central Government and Administrator to empower or authorise by general or special order.

(2) Where, by this Act, a power has been conferred on the Central Government or the Administrator to empower or authorise any officer, then, such officer may be empowered or authorised, as the case may be, by name or by virtue of office.

by general or special order.

18 of 1965.  
6 of 1968.

116. (1) The Gold (Control) Act, 1965, and the Gold (Control) Ordinance, 1968, are hereby repealed.

Repeal and savings.

6 of 1968.

(2) Notwithstanding such repeal, anything done or any action taken, including any notification, order or appointment made, direction given, notice, licence or certificate issued, permission, authorisation or exemption granted, confiscation adjudged, penalty or fine imposed, or forfeiture ordered, whether under the Gold (Control) Ordinance, 1968, or Part XIIA of the Defence of India Rules, 1962, shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done, taken, made, given, issued, granted, adjudged, imposed or ordered, as the case may be, under the corresponding provision of this Act, as if this Act had commenced on the 29th day of June, 1968.

117. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order do anything (not inconsistent with the provisions of this Act) which appears to it to be necessary for the purpose of removing the difficulty:

Power to remove difficulties.

Provided that no such power shall be exercised after the expiry of a period of two years from the commencement of this Act.

## THE INSECTICIDES ACT, 1968

### ARRANGEMENT OF SECTIONS

#### SECTIONS

1. Short title, extent and commencement.
2. Application of other laws not barred.
3. Definitions.
4. The Central Insecticides Board.
5. Registration Committee.
6. Other committees.
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16. Central Insecticides Laboratory.
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18. Prohibition of sale, etc., of certain insecticides.
19. Insecticide Analysts.
20. Insecticide Inspectors.
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22. Procedure to be followed by Insecticide Inspectors.
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24. Report of Insecticide Analyst.
25. Confiscation.

CORRECTED, SEE INDIA CODE  
VOL. VIII B Pt. IV P. 97.

[ACT 46 OF 1968]

*Arrangement of Sections*

321

**SECTIONS**

26. Notification of poisoning.
27. Prohibition of sale, etc., of insecticides for reasons of public safety.
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29. Offences and punishment.
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31. Cognizance and trial of offences.
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**THE SCHEDULE.**

NOT CORRECTED. SEE INDIA CODE  
VOL. VII, Pt. V, p. 97.

## THE INSECTICIDES ACT, 1968

No. 46 OF 1968

[2nd September, 1968]

An Act to regulate the import, manufacture, sale, transport, distribution and use of insecticides with a view to prevent risk to human beings or animals, and for matters connected therewith.

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

Short  
title, ex-  
tent and  
com-  
mence-  
ment.

1. (1) This Act may be called the Insecticides Act, 1968.

(2) It extends to the whole of India.

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

Applica-  
tion of  
other  
laws not  
barred.  
Defini-  
tions.

2. The provisions of this Act shall be in addition to, and not in derogation of, any other law for the time being in force.

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

(a) "animals" means animals useful to human beings and includes fish and fowl, and such kinds of wild life as the Central Government may, by notification in the Official Gazette, specify, being kinds which, in its opinion, it is desirable to protect or preserve;

(b) "Board" means the Central Insecticides Board constituted under section 4;

(c) "Central Insecticides Laboratory" means the Central Insecticides Laboratory established, or as the case may be, the Institution specified, under section 16;

(d) "import" means bringing into any place within the territories to which this Act extends from a place outside those territories;



(e) "insecticide" means—

(i) any substance specified in the Schedule; or

(ii) such other substances (including fungicides and weedicides) as the Central Government may, after consultation with the Board, by notification in the Official Gazette, include in the Schedule from time to time; or

(iii) any preparation containing any one or more of such substances;

(f) "Insecticide Analyst" means an Insecticide Analyst appointed under section 19;

(g) "Insecticide Inspector" means an Insecticide Inspector appointed under section 20;

(h) "label" means any written, printed or graphic matter on the immediate package and on every other covering in which the package is placed or packed and includes any written, printed or graphic matter accompanying the insecticide;

(i) "licensing officer" means a licensing officer appointed under section 12;

(j) "manufacture", in relation to any insecticide, includes—

(i) any process or part of a process for making, altering, finishing, packing, labelling, breaking up or otherwise treating or adopting any insecticide with a view to its sale, distribution or use but does not include the packing or breaking up of any insecticide in the ordinary course of retail business; and

(ii) any process by which a preparation containing an insecticide is formulated;

(k) "misbranded"—an insecticide shall be deemed to be misbranded—

(i) if its label contains any statement, design or graphic representation relating thereto which is false or misleading in any material particular, or if its package is otherwise deceptive in respect of its contents; or

(ii) if it is an imitation of, or is sold under the name of, another insecticide; or

(iii) if its label does not contain a warning or caution which may be necessary and sufficient, if complied with, to prevent risk to human beings or animals; or

(iv) if any word, statement or other information required by or under this Act to appear on the label is not displayed thereon in such conspicuous manner as the other

words, statements, designs or graphic matter have been displayed on the label and in such terms as to render it likely to be read and understood by any ordinary individual under customary conditions of purchase and use; or

(v) if it is not packed or labelled as required by or under this Act; or

(vi) if it is not registered in the manner required by or under this Act; or

(vii) if the label contains any reference to registration other than the registration number; or

(viii) if the insecticide has a toxicity which is higher than the level prescribed or is mixed or packed with any substance so as to alter its nature or quality or contains any substance which is not included in the registration;

(l) "package" means a box, bottle, casket, tin, barrel, case, receptacle, sack, bag, wrapper, or other thing in which an insecticide is placed or packed;

(m) "premises" means any land, shop, stall or place where any insecticide is sold or manufactured or stored or used, and includes any vehicle carrying insecticides;

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

(o) "registered", with its grammatical variations and cognate expressions, means registered under this Act;

(p) "sale", with its grammatical variations and cognate expressions, means the sale of any insecticide, whether for cash or on credit and whether by wholesale or retail, and includes an agreement for sale, an offer for sale, the exposing for sale or having in possession for sale of any insecticide and includes also an attempt to sell any such insecticide;

(q) "State Government", in relation to a Union territory, means the administrator thereof;

(r) "worker" means a person employed under a contract of service or apprenticeship.

The  
Central  
Insecti-  
cides  
Board.

4. (1) The Central Government shall, as soon as may be, constitute a Board to be called the Central Insecticides Board to advise the Central Government and State Governments on technical matters arising out of the administration of this Act and to carry out the other functions assigned to the Board by or under this Act.

(2) The matters on which the Board may advise under subsection (1) shall include matters relating to—

(a) the risk to human beings or animals involved in the use of insecticides and the safety measures necessary to prevent such risk;

(b) the manufacture, sale, storage, transport and distribution of insecticides with a view to ensure safety to human beings or animals.

(3) The Board shall consist of the following members, namely:—

(i) the Director General of Health Services, *ex officio*, who shall be the Chairman;

(ii) the Drugs Controller, India, *ex officio*;

(iii) the Plant Protection Adviser to the Government of India, *ex officio*;

(iv) the Director of Storage and Inspection, Ministry of Food, Agriculture, Community Development and Co-operation (Department of Food), *ex officio*;

(v) the Chief Adviser of Factories, *ex officio*;

(vi) the Director, National Institute of Communicable Diseases, *ex officio*;

(vii) the Director General, Indian Council of Agricultural Research, *ex officio*;

(viii) the Director General, Indian Council of Medical Research, *ex officio*;

(ix) the Director, Zoological Survey of India, *ex officio*;

(x) the Director General, Indian Standards Institution *ex officio*;

(xi) the Director General of Shipping or, in his absence, the Deputy Director General of Shipping, Ministry of Transport and Shipping, *ex officio*;

(xii) the Joint Director, Traffic (General), Ministry of Railways (Railway Board), *ex officio*;

(xiii) the Secretary, Central Committee for Food Standards, *ex officio*;

(xiv) one person to represent the Ministry of Petroleum and Chemicals, to be nominated by the Central Government;

(xv) one pharmacologist to be nominated by the Central Government;

(xvi) one medical toxicologist to be nominated by the Central Government;

(xvii) one person who shall be in charge of the department dealing with public health in a State, to be nominated by the Central Government;

(xviii) two persons who shall be Directors of Agriculture in States, to be nominated by the Central Government;

(xix) four persons, one of whom shall be an expert in industrial health and occupational hazards, to be nominated by the Central Government;

(xx) one person to represent the Council of Scientific and Industrial Research, to be nominated by the Central Government.

(4) The persons nominated under clauses (xiv) to (xx) inclusive, of sub-section (3) shall, unless their seats become vacant earlier by resignation, death or otherwise, hold office for three years from the date of their nomination, but shall be eligible for re-nomination:

Provided that the persons nominated under clauses (xvii) and (xviii) shall hold office only for so long as they hold the appointments by virtue of which their nominations were made.

(5) The functions of the Board may be exercised notwithstanding any vacancy therein.

5. (1) The Central Government shall constitute a Registration Committee consisting of a Chairman, and not more than five persons who shall be members of the Board (including the Drugs Controller, India and the Plant Protection Adviser to the Government of India)—

Registra-  
tion Com-  
mittee.

(i) to register insecticides after scrutinising their formulae and verifying claims made by the importer or the manufacturer, as the case may be, as regards their efficacy and safety to human beings and animals; and

(ii) to perform such other functions as are assigned to it by or under this Act.

(2) Where the Chairman is not a member of the Board, his term of office and other conditions of service shall be such as may be determined by the Central Government.

(3) Subject to the provisions of sub-section (2), a member of the Registration Committee shall hold office for so long as he is a member of the Board.

(4) The Committee may also co-opt such number of experts and for such purpose or period as it may deem fit, but any expert so co-opted shall have no right to vote.

(5) The Registration Committee shall regulate its own procedure and the conduct of business to be transacted by it

6. The Board may appoint such committees as it deems fit and may appoint to them persons who are not members of the Board, to exercise such powers and perform such duties as may, subject to such conditions, if any, as the Board may impose, be delegated to them by the Board.

Other committees.

7. The Board may, subject to the previous approval of the Central Government, make bye-laws for the purpose of regulating its own procedure and the procedure of any committee thereof and the conduct of all business to be transacted by it or such committee.

Procedure for Board.

8. The Central Government shall—

Secretary and other officers.

(i) appoint a person to be the Secretary of the Board who shall also function as Secretary to the Registration Committee; and

(ii) provide the Board and the Registration Committee with such technical and other staff as the Central Government considers necessary.

9. (1) Any person desiring to import or manufacture any insecticide may apply to the Registration Committee for the registration of such insecticide and there shall be a separate application for each such insecticide:

Registration of insecticides.

Provided that any person engaged in the business of import or manufacture of any insecticide immediately before the commencement of this section shall make an application to the Registration Committee within a period of ~~six months~~ from the date of such commencement for the registration of any insecticide which he has been importing or manufacturing before that date.

seventeen months

(2) Every application under sub-section (1) shall be made in such form and contain such particulars as may be prescribed.

Subs. & ins. by Act 46 of 1972, S. 2 (w.e.f. 1-8-1971)

(3) On receipt of any such application for the registration of an insecticide, the Committee may, after such enquiry as it deems fit and after satisfying itself that the insecticide to which the application relates conforms to the claims made by the importer or by the manufacturer, as the case may be, as regards the efficacy of the insecticide and its safety to human beings and animals, register, on such conditions and on payment of such fee as may be prescribed, the insecticide, allot a registration number thereto and issue a certificate of registration in token thereof within a period of twelve months from the date of receipt of the application:

Provided that the Committee may, if it is unable within the said period to arrive at a decision on the basis of the materials placed before it, extend the period by a further period not exceeding six months.

Provided further that if the Committee is of opinion that the precautions claimed by the applicant as being sufficient to ensure safety to human beings or animals are not such as can be easily observed or that notwithstanding the observance of such precautions the use of the insecticide involves serious risk to human beings or animals, it may refuse to register the insecticide.

(4) Notwithstanding anything contained in this section, where an insecticide has been registered on the application of any person, any other person desiring to import or manufacture the insecticide or engaged in the business of, import or manufacture thereof shall on application and on payment of prescribed fee be allotted a registration number and granted a certificate of registration in respect thereof on the same conditions on which the insecticide was originally registered.

Appeal  
against  
non-regis-  
tration of  
cancellation.

10. Any person aggrieved by a decision of the Registration Committee under section 9 may, within a period of thirty days from the date on which the decision is communicated to him, appeal in the prescribed manner and on payment of the prescribed fee to the Central Government whose decision thereon shall be final.

Provided that the Central Government may entertain an appeal after the expiry of the said period, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

11. The Central Government may, at any time, call for the record relating to any case in which the Registration Committee has given a decision under section 9 for the purpose of satisfying itself as to the legality or propriety of any such decision and may pass any such order in relation thereto as it thinks fit:

Power of revision of Central Government

Provided that no such order shall be passed after the expiry of one year from the date of the decision:

Provided further that the Central Government shall not pass any order prejudicial to any person unless that person has had a reasonable opportunity of showing cause against the proposed order.

12. The State Government may, by notification in the Official Gazette, appoint such persons as it thinks fit to be licensing officers for the purposes of this Act and define the areas in respect of which they shall exercise jurisdiction.

Licensing officers.

13. (1) Any person desiring to manufacture or to sell, stock or exhibit for sale or distribute any insecticide, may make an application to the licensing officer for the grant of a licence:

Grant of licence

Provided that any person engaged in the business of manufacturing or selling, stocking or exhibiting for sale or distributing any insecticide immediately before the commencement of this section shall make an application to the licensing officer for the grant of a licence within a period of ~~three months~~ from the date of such commencement.

seventeen months

(2) Every application under sub-section (1) shall be made in such form and shall contain such particulars as may be prescribed.

(3) On receipt of any such application for the grant of a licence, the licensing officer may grant a licence in such form, on such conditions and on payment of such fee as may be prescribed.

(4) A licence granted under this section shall be valid for the period specified therein and may be renewed from time to time for such period and on payment of such fee as may be prescribed.

Provided that where a licence has been granted to any person who has made an application under the proviso to sub-section (1), that licence shall be deemed to be cancelled in relation to any insecticide, the application for registration whereof has been refused or the registration whereof has been cancelled, under this Act, with effect from the date on which such refusal or cancellation is notified in the Official Gazette.

Subs by Act 46 of 1972, s.3 (w.e.f. 1-8-1971)

Revoca-  
tion, sus-  
pension  
and  
amend-  
ment of  
licences.

14. (1) If the licensing officer is satisfied, either on a reference made to him in this behalf or otherwise, that—

(a) the licence granted under section 13 has been granted because of misrepresentation as to an essential fact; or

(b) the holder of a licence has failed to comply with the conditions subject to which the licence was granted or has contravened any of the provisions of this Act or the rules made thereunder,

then, without prejudice to any other penalty to which the holder of the licence may be liable under this Act, the licensing officer may, after giving the holder of the licence an opportunity of showing cause, revoke or suspend the licence.

(2) Subject to any rules that may be made in this behalf, the licensing officer may also vary or amend a licence granted under section 13.

Appeal  
against  
the de-  
cision of  
a licens-  
ing officer

15. (1) Any person aggrieved by a decision of a licensing officer under section 13 [except under the proviso to sub-section (4)] or section 14 may, within a period of thirty days from the date on which the decision is communicated to him, appeal to such authority in such manner and on payment of such fee as may be prescribed:

Provided that the appellate authority may entertain an appeal after the expiry of the said period if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

(2) On receipt of an appeal under sub-section (1), the appellate authority shall, after giving the appellant an opportunity of showing cause, dispose of the appeal ordinarily within a period of six months and the decision of the appellate authority shall be final.

Central  
Insecti-  
cides  
Labora-  
tory.

16. The Central Government may, by notification in the Official Gazette, establish a Central Insecticides Laboratory under the control of a Director to be appointed by the Central Government to carry out the functions entrusted to it by or under this Act:

Provided that if the Central Government so directs by a notification in the Official Gazette, the functions of the Central Insecticides Laboratory shall, to such extent as may be specified in the notification, be carried out at any such institution as may be specified therein and thereupon the functions of the Director of the Central Insecticides Laboratory shall to the extent so specified be exercised by the head of that institution.



17. (1) No person shall, himself or by any person on his behalf, import or manufacture—

Prohibition of import and manufacture of certain insecticides.

- (a) any misbranded insecticide;
- (b) any insecticide the sale, distribution or use of which is for the time being prohibited under section 27;
- (c) any insecticide except in accordance with the conditions on which it was registered;
- (d) any insecticide in contravention of any other provision of this Act or of any rule made thereunder:

Provided that any person who has applied for registration of an insecticide ~~under the proviso to sub-section (1) of section 9~~ may continue to import or manufacture any such insecticide and such insecticide shall not be deemed to be a misbranded insecticide with- in the meaning of sub-clause (vi) or sub-clause (vii) or sub-clause (viii) of clause (k) of section 3, until he has been informed by the Registration Committee of its decision to refuse to register the said insecticide.

Under an of the provisos]

(2) No person shall, himself or by any person on his behalf, manufacture any insecticide except under, and in accordance with the conditions of, a licence issued for such purpose under this Act.

18. (1) No person shall, himself or by any person on his behalf, sell, stock or exhibit for sale, distribute, transport or cause to be used by any worker—

Prohibition of sale, etc., of certain insecticides.

- (a) any insecticide which is not registered under this Act;
- (b) any insecticide, the sale, distribution or use of which is for the time being prohibited under section 27;
- (c) any insecticide in contravention of any other provision of this Act or of any rule made thereunder.

(2) No person shall, himself or by any person on his behalf, sell, stock or exhibit for sale or distribute any insecticide except under, and in accordance with the conditions of, a licence issued for such purpose under this Act.

Explanation—For the purposes of this section an insecticide in respect of which any person has applied for a certificate of registration ~~under the proviso to sub-section (1) of section 9~~, shall be deemed to be registered till the date on which the refusal to register such insecticide is notified in the Official Gazette.

Under an of the provisos]

1 Subs. by Act 46 of 1972, S. 4 (w.e.f. 1-8-1971).  
2 Subs. by S. 5, Ibid.

Insec-  
ticide  
Analysts.

19. The Central Government or a State Government may, by notification in the Official Gazette, appoint persons in such number as it thinks fit and possessing such technical and other qualifications as may be prescribed to be Insecticide Analysts for such areas and in respect of such insecticides or class of insecticides as may be specified in the notification:

Provided that no person who has any financial interest in the manufacture, import or sale of any insecticide, shall be so appointed.

Insec-  
ticide  
Inspectors.

20. (1) The Central Government or a State Government may, by notification in the Official Gazette, appoint persons in such number as it thinks fit and possessing such technical and other qualifications as may be prescribed to be Insecticide Inspectors for such areas as may be specified in the notification:

Provided that any person who does not possess the required qualifications may be so appointed only for the purposes of clause (a) and clause (d) of sub-section (1) of section 21:

Provided further that no person who has any financial interest in the manufacture, import or sale of any insecticide shall be so appointed.

(2) Every Insecticide Inspector shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code and shall be officially subordinate to such authority as the Government appointing him may specify in this behalf.

45 of 1860

Powers  
of  
Insec-  
ticide  
Inspectors.

21. (1) An Insecticide Inspector shall have power—

(a) to enter and search, at all reasonable times and with such assistance, if any, as he considers necessary, any premises in which he has reason to believe that an offence under this Act or the rules made thereunder has been or is being or is about to be committed, or for the purpose of satisfying himself that the provisions of this Act or the rules made thereunder or the conditions of any certificate of registration or licence issued thereunder are being complied with;

(b) to require the production of, and to inspect, examine and make copies of, or take extracts from, registers, records or other documents kept by a manufacturer, distributor, carrier, dealer or any other person in pursuance of the provisions of this Act or the rules made thereunder and seize the same, if he has reason to believe that all or any of them, may furnish evidence of the commission of an offence punishable under this Act or the rules made thereunder;

(c) to make such examination and inquiry as he thinks fit in order to ascertain whether the provisions of this Act or the rules made thereunder are being complied with and for that purpose stop any vehicle;

(d) to stop the distribution, sale or use of an insecticide which he has reason to believe is being distributed, sold or used in contravention of the provisions of this Act or the rules made thereunder, for a specified period not exceeding twenty days, or unless the alleged contravention is such that the defect may be removed by the possessor of the insecticide, seize the stock of such insecticide;

(e) to take samples of any insecticide and send such samples for analysis to the Insecticide Analyst for test in the prescribed manner; and

(f) to exercise such other powers as may be necessary for carrying out the purposes of this Act or the rules made thereunder.

5 of 1898. (2) The provisions of the Code of Criminal Procedure, 1898, shall, so far as may be, apply to any search or seizure under this Act as they apply to any search or seizure made under the authority of a warrant issued under section 98 of the said Code.

5 of 1898. (3) An Insecticide Inspector may exercise the powers of a police officer under section 57 of the Code of Criminal Procedure, 1898, for the purpose of ascertaining the true name and residence of the person from whom a sample is taken or an insecticide is seized.

22. (1) Where an Insecticide Inspector seizes any record, register or document under clause (b) of sub-section (1) of section 21, he shall, as soon as may be, inform a Magistrate and take his orders as to the custody thereof.

(2) Where an Insecticide Inspector takes any action under clause (d) of sub-section (1) of section 21—

(a) he shall use all despatch in ascertaining whether or not the insecticide or its sale, distribution or use contravenes any of the provisions of section 18 and if it is ascertained that the insecticide or its sale, distribution or use does not so contravene, forthwith revoke the order passed under the said clause or, as the case may be, take such action as may be necessary for the return of the stock seized;

Procedure to be followed by Insecticide Inspectors.

(b) if he seizes the stock of the insecticide he shall, as soon as may be, inform a Magistrate and take his orders as to the custody thereof;

(c) without prejudice to the institution of any prosecution, if the alleged contravention be such that the defect may be remedied by the possessor of the insecticide, he shall, on being satisfied that the defect has been so remedied, forthwith revoke his order and in case where the Insecticide Inspector has seized the stock of insecticide, he shall, as soon as may be, inform a Magistrate and obtain his orders as to the release thereof.

(3) Where an Insecticide Inspector takes any sample of an insecticide, he shall tender the fair price thereof and may require a written acknowledgement therefor.

(4) Where the price tendered under sub-section (3) is refused, or where the Insecticide Inspector seizes the stock of any insecticide under clause (d) of sub-section (1) of section 21, he shall tender a receipt therefor in the prescribed form.

(5) Where an Insecticide Inspector takes a sample of an insecticide for the purpose of test or analysis, he shall intimate such purpose in writing in the prescribed form to the person from whom he takes it and, in the presence of such person unless he wilfully absents himself, shall divide the sample into three portions and effectively seal and suitably mark the same and permit such person to add his own seal and mark to all or any of the portions so sealed and marked:

Provided that where the insecticide is made up in containers of small volume, instead of dividing a sample as aforesaid, the Insecticide Inspector may, and if the insecticide be such that it is likely to deteriorate or be otherwise damaged by exposure shall, take three of the said containers after suitably marking the same and, where necessary, sealing them.

(6) The Insecticide Inspector shall restore one portion of a sample so divided or one container, as the case may be, to the person from whom he takes it and shall retain the remainder and dispose of the same as follows:—

(i) one portion or container, he shall forthwith send to the Insecticide Analyst for test or analysis; and

(ii) the second, he shall produce to the court before which proceedings, if any, are instituted in respect of the insecticide.

23. Every person for the time being in charge of any premises where any insecticide is being manufactured or is kept for sale or distribution shall, on being required by an Insecticide Inspector so to do, be legally bound to disclose to the Insecticide Inspector the place where the insecticide is being manufactured or is kept, as the case may be.

Persons bound to disclose place where insecticides are manufactured or kept.

24. (1) The Insecticide Analyst to whom a sample of any insecticide has been submitted for test or analysis under sub-section (6) of section 22, shall, within a period of sixty days, deliver to the Insecticide Inspector submitting it a signed report in duplicate in the prescribed form.

Report of Insecticide Analyst.

(2) The Insecticide Inspector on receipt thereof shall deliver one copy of the report to the person from whom the sample was taken and shall retain the other copy for use in any prosecution in respect of the sample.

(3) Any document purporting to be a report signed by an Insecticide Analyst shall be evidence of the facts stated therein and such evidence shall be conclusive unless the person from whom the sample was taken has within twenty-eight days of the receipt of a copy of the report notified in writing the Insecticide Inspector or the court before which any proceedings in respect of the sample are pending that he intends to adduce evidence in controversion of the report.

(4) Unless the sample has already been tested or analysed in the Central Insecticides Laboratory, where a person has under sub-section (3) notified his intention of adducing evidence in controversion of the Insecticide Analyst's report, the court may, of its own motion or in its discretion at the request either of the complainant or of the accused, cause the sample of the insecticide produced before the magistrate under sub-section (6) of section 22 to be sent for test or analysis to the said laboratory, which shall make the test or analysis and report in writing signed by, or under the authority of, the Director of the Central Insecticides Laboratory the result thereof, and such report shall be conclusive evidence of the facts stated therein.

(5) The cost of a test or analysis made by the Central Insecticides Laboratory under sub-section (4) shall be paid by the complainant or the accused, as the court shall direct.

**Confiscation.**

25. (1) Where any person has been convicted under this Act for contravening any of the provisions of this Act or of the rules made thereunder, the stock of the insecticide in respect of which the contravention has been made shall be liable to confiscation.

(2) Without prejudice to the provisions contained in sub-section (1), where the Court is satisfied on the application of an Insecticide Inspector or otherwise and after such inquiry as may be necessary, that the insecticide is a misbranded insecticide, such insecticide shall be liable to confiscation.

**Notification of poisoning.**

26. The State Government may, by notification in the Official Gazette, require any person or class of persons specified therein to report all occurrences of poisoning (through the use or handling of any insecticide) coming within his or their cognizance to such officer as may be specified in the said notification.

**Prohibition of sale, etc., of insecticides for reasons of public safety.**

27. (1) If, on receipt of a report under section 26 or otherwise, the Central Government or the State Government is of opinion, for reasons to be recorded in writing, that the use of any insecticide specified in sub-clause (iii) of clause (e) of section 3 or any specific batch thereof is likely to involve such risk to human beings or animals as to render it expedient or necessary to take immediate action then that Government may, by notification in the Official Gazette, prohibit the sale, distribution or use of the insecticide or batch, in such area, to such extent and for such period (not exceeding sixty days) as may be specified in the notification pending investigation into the matter:

Provided that where the investigation is not completed within the said period, the Central Government or the State Government, as the case may be, may extend it by such further period or periods not exceeding thirty days in the aggregate as it may specify in a like manner.

(2) If, as a result of its own investigation or on receipt of the report from the State Government, and after consultation with the Registration Committee, the Central Government, is satisfied that the use of the said insecticide or batch is or is not likely to cause any such risk, it may pass such order (including an order refusing to register the insecticide or cancelling the certificate of registration, if any, granted in respect thereof), as it deems fit, depending on the circumstances of the case.

28. A refusal to register any insecticide or a cancellation of the certificate of registration of any insecticide shall be notified in the Official Gazette and in such other manner as may be prescribed.

Notifica-  
tion of  
cancella-  
tion of  
registra-  
tion, etc.

29. (1) Whoever,—

(a) imports, manufactures, sells, stocks or exhibits for sale or distributes any insecticide deemed to be misbranded under sub-clause (i) or sub-clause (iii) or sub-clause (viii) of clause (k) of section 3; or

Offences  
and  
punish-  
ment.

(b) imports or manufactures any insecticide without a certificate of registration; or

(c) manufactures, sells, stocks or exhibits for sale or distributes an insecticide without a licence; or

(d) sells or distributes an insecticide, in contravention of section 27; or

(e) causes an insecticide, the use of which has been prohibited under section 27, to be used by any worker; or

(f) obstructs an Insecticide Inspector in the exercise of his powers or discharge of his duties under this Act or the rules made thereunder,

shall be punishable—

(i) for the first offence, with imprisonment for a term which may extend to two years, or with fine which may extend to two thousand rupees, or with both;

(ii) for the second and a subsequent offence, with imprisonment for a term which may extend to three years, or with fine, or with both.

(2) Whoever uses an insecticide in contravention of any provision of this Act or any rule made thereunder shall be punishable with fine which may extend to five hundred rupees.

(3) Whoever contravenes any of the other provisions of this Act or any rule made thereunder or any condition of a certificate of registration or licence granted thereunder, shall be punishable—

(i) for the first offence, with imprisonment for a term which may extend to six months, or with fine, or with both;

(ii) for the second and a subsequent offence, with imprisonment for a term which may extend to one year, or with fine, or with both.

(4) If any person convicted of an offence under this Act commits a like offence afterwards it shall be lawful for the court before which the second or subsequent conviction takes place to cause the offender's name and place of residence, the offence and the penalty imposed to be published in such newspapers or in such other manner as the court may direct.

Defences which may or may not be allowed in prosecutions under this Act.

30. (1) Save as hereinafter provided in this section, it shall be no defence in a prosecution under this Act to prove merely that the accused was ignorant of the nature or quality of the insecticide in respect of which the offence was committed or of the risk involved in the manufacture, sale or use of such insecticide or of the circumstances of its manufacture or import.

(2) For the purposes of section 17, an insecticide shall not be deemed to be misbranded only by reason of the fact that—

(a) there has been added thereto some innocuous substance or ingredient because the same is required for the manufacture or the preparation of the insecticide as an article of commerce in a state fit for carriage or consumption, and not to increase the bulk, weight or measure of the insecticide or to conceal its inferior quality or other defect; or

(b) in the process of manufacture, preparation or conveyance some extraneous substance has unavoidably become intermixed with it.

(3) A person not being an importer or a manufacturer of an insecticide or his agent for the distribution thereof, shall not be liable for a contravention of any provision of this Act, if he proves—

(a) that he acquired the insecticide from an importer or a duly licensed manufacturer, distributor or dealer thereof;

(b) that he did not know and could not, with reasonable diligence, have ascertained that the insecticide in any way contravened any provision of this Act; and

(c) that the insecticide, while in his possession, was properly stored and remained in the same state as when he acquired it.

Cognizance and trial of offences.

31. (1) No prosecution for an offence under this Act shall be instituted except by, or with the written consent of, the State Government or a person authorized in this behalf by the State Government.

(2) No court inferior to that of a presidency magistrate or a magistrate of the first class shall try any offence under this Act.



5 of 1898.

32. Notwithstanding anything contained in section 32 of the Code of Criminal Procedure, 1898, it shall be lawful for any presidency magistrate or any magistrate of the first class to pass any sentence under this Act, in excess of his power under section 32 of the said Code.

Magis-  
trate's  
power to  
impose  
enhanced  
penalties.

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

Offences  
by com-  
panies.

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

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

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

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

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

34. The Central Government may give such directions to any State Government as may appear to the Central Government to be necessary for carrying into execution in the State any of the provisions of this Act or of any rule or order made thereunder.

Power of  
Central  
Govern-  
ment to  
give direc-  
tions.

35. No prosecution, suit or other proceeding shall lie against the Government, or any officer of the Government or the Board, the Registration Committee or any Committee of the Board, for anything in good faith done or intended to be done under this Act.

Protec-  
tion  
of action  
taken in  
good faith.

Power of  
Central  
Govern-  
ment to  
make  
rules.

36. (1) The Central Government may, after consultation with the Board and subject to the condition of previous publication, by notification in the Official Gazette, make rules for the purpose of giving effect to the provisions of this Act:

Provided that consultation with the Board may be dispensed with if the Central Government is of opinion that circumstances have arisen which render it necessary to make rules without such consultation, but in such a case the Board shall be consulted within six months of the making of the rules and the Central Government shall take into consideration any suggestions which the Board may make in relation to the amendment of the said rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

- (a) the method of packing and labelling;
- (b) the manner of registration of an insecticide;
- (c) the functions of the Board and of the Registration Committee and the travelling and other allowances payable to members of the Board, the Registration Committee and any Committee of the Board;
- (d) the places at which insecticides may be imported and prohibit their import at any other place;
- (e) the form of application for registration of an insecticide and the particulars relating thereto;
- (f) the conditions of registration and the fee payable in respect of registration;
- (g) the manner of appeal to the Central Government under section 10 and the fee payable therefor;
- (h) the form of application for the grant of licence and the particulars relating thereto;
- (i) the form of licence, the conditions attached thereto and the fee payable therefor;
- (j) the period for which a licence may be renewed and the fee for such renewal;
- (k) the circumstances in which a licence may be varied or amended under sub-section (2) of section 14;
- (l) the functions of the Central Insecticides Laboratory;
- (m) the qualifications, powers and duties of an Insecticide Analyst and an Insecticide Inspector;

(n) the manner of testing or analysing the samples of any insecticide and the fee payable therefor;

(o) the form in which intimation shall be given by an Insecticide Inspector under sub-section (5) of section 22 to a person from whom a sample of an insecticide is taken for test or analysis;

(p) the form in which an Insecticide Analyst shall submit a report of his test or analysis to the Insecticide Inspector under sub-section (1) of section 24;

(q) the protective clothing and equipment to be used by workers during the manufacture, formulation, transport, distribution and application of insecticides and other facilities to be provided to keep themselves and things supplied to them free from any contamination;

(r) the use by the workers of any such protective clothing, equipment and other facilities;

(s) the precautions to be taken against poisoning through the use or handling of insecticides;

(t) the measures for detecting and investigating cases in which poisoning has occurred;

(u) the facilities to be provided for ensuring first-aid treatment;

(v) the instruction and training to be provided regarding the use of things supplied to the workers for ensuring their safety;

(w) the facilities for medical examination of workers engaged in the manufacture or handling of insecticides;

(x) the conditions to be observed in regard to import, manufacture, sale, transport, distribution, storage or use of an insecticide;

(y) the equipment for, and method of, application of, an insecticide and the disposal of surplus material, washings and containers, following application;

(z) the maintenance and inspection of records and returns;

(za) the restrictions on storage of insecticides during transport or otherwise along with articles of food;

(zb) the maximum proportion of any insecticide which may be added to, or contained in, any preparation for domestic use and the restrictions thereon;

(zc) the manner in which refusal to register an insecticide or cancellation of certificate of registration thereof may be notified;

(zd) the officer or authority to whom the Central Government may delegate any of the powers and functions conferred on it by this Act;

(ze) any other matter which has to be, or may be, prescribed.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, 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.

Power of  
the State  
Government  
to make  
rules.

37. (1) The State Government may, after consultation with the Board and subject to the condition of previous publication, by notification in the Official Gazette, make rules for the purpose of giving effect to the provisions of this Act and not inconsistent with the rules, if any, made by the Central Government.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the authority to which, the manner in which, and the fee on payment of which, an appeal may be filed under section 15 and the procedure to be followed by the appellate authority in disposing of the appeal;

(b) the delegation of any of the powers and functions conferred by this Act on the State Government to any officer or authority specified by that Government.

Exemption.

38. (1) Nothing in this Act shall apply to—

(a) the use of any insecticide by any person for his own household purposes or for kitchen garden or in respect of any land under his cultivation;

(b) any substance specified or included in the Schedule or any preparation containing any one or more such substances, if such substance or preparation is intended for purposes other than preventing, destroying, repelling or mitigating any insects,

rodents, fungi, weeds and other forms of plant or animal life not useful to human beings.

(2) The Central Government may, by notification in the Official Gazette, and subject to such conditions, if any, as it may specify therein, exempt from all or any of the provisions of this Act or the rules made thereunder, any educational, scientific or research organization engaged in carrying out experiments with insecticides.

### THE SCHEDULE

[See section 3 (e)]

#### LIST OF INSECTICIDES

Acrylonitrile

Aldrin (1 : 2 : 3 : 4 : 10 : 10-hexachloro-1 : 4 : 4a; 5 : 8; 8a-hexahydro-1 : 4 : 5 : 8-dimethanonaphthalene)

Allethrin (allyl homologue of Cinerein I)

Aluminium Phosphide

Amiton

Antu (Alpha-naphthyl thiourea)

Aramite [2 (p-tert-butylphenoxy) isopropyl 1-2 chloroethyl sulphate]

Barium Carbonate

Barium Fluoro Silicate

BHC (Benzene Hexachloride) (1, 2, 3, 4, 5, 6-hexachlorohexane)

Bis-dimethylamino Flourophosphine Oxide

Calcium Arsenate

Calcium Cyanide

Captan (N-trichloromethylmercapto-4-cyclohexane); 1, 2-discarboximide

Carbaryl (1-naphthyl-N-methyl carbamate)

Carbon Disulphide

Carbon Tetrachloride

Chlorbenside (p-chlorobenzyl-p-chlorophenyl sulphide)

Chlorobis ethyl amino triazine

Chlordane (1, 2, 3, 4, 5, 6, 7, 8, 8-Octachlore-2, 3, 3a, 4, 7, 7a-hexahydro-4, 7-methanoindane)

Chlorobenzilate (Ethyl 4, 4'-dichlorobenzilate)

- Chlorothion (o, o-dimethyl-o-3-chloro-4-nitrophenyl thiono phosphate)
- Chloro-I.P.C.
- Chloropicrin
- Chlorofenson (p-chlorophenyl-p-chlorobenzene sulphonate)
- S-(p-chlorophenylthio) methyl-o-o-diethyl phosphorodithioate (Trithion)
- CIPC [isopropyl-N (3-chlorophenyl) carbamate]
- CMU (Manuron)
- Copper Arsenate
- Copper Cyanide
- Copper naphthanate
- Copper Sulphate
- Coumachlor [3-(a-acetyl-4-chlorobenzyl-4-hydroxy coumarin).]
- Copper Oxychloride
- Cuprous Oxide
- Dalapon (Sodium 2, 2, dichloropropionate)
- D-D mixture
- DDD (Dichloro Diphenyl Dichloroethane)
- DDT [a mixture of 1, 1, 1-trichloro-2, 2-bis (p-chlorophenyl) ethane and 1, 1, 1-trichloro-2-(o-chlorophenyl)-2 (p-chlorophenyl) ethane]
- DDVP (2, 2-dichlorovinyl dimethyl phosphate)
- Demeton-O (O, O-diethyl-S [(2)-ethylthio]-ethyl) phosphorothioate)
- Demeton-S (O, O-diethyl-S [(2)-ethylthio) ethyl] phosphorothioate)
- Diazinon (O, O-diethyl-O [2-isopropyl-6 methyl-4-pyrimidyl] phosphorothioate)
- Dibrom (1, 2-dibromo, 2, 2-dichloroethyl dimethyl phosphate)
- Dichlorophenoxy acetic acid (2, 4-D)
- Dieldrin (1:2:3:4:10:10-hexachloro-6:7-epoxy-1:4a:5:6:7:8:8a Octahydro-1:4:5:8-dimethanonaphthalene)
- Dimethoate [O, O-dimethyl-S-(N-methylcarbamoyl methyl) phosphorodithioate]
- Dipterex (O, O-dimethyl-2, 2, 2-trichloro hydroxy ethyl phosphate)
- DNOC (Dinitro-ortho-compound) (3: 5-dinitro-o-cresol)

- EDCT mixture (Ethylene Dichloride Carbon Tetrachloride mixture)
- Ekatin
- Endrin (1, 2, 3, 4, 10-10-hexachloro-6, 7-epoxy-1, 4, 4a, 5, 6, 7, 8, 8a-Octahydro-1, 4-endo-endo, 5-8-dimethanonaphthalene)
- E.P.N. (O-ethyl-O-p-nitriphenyl benzene thiophosphonate)
- Ethyoxy ethyl mercury chloride
- Ethyl di-n-propylthiolcarbamate (Eptam)
- Ethyl mercury phosphate
- Ethyl mercury chloride
- Ethylene dibromide
- Ethylene Dichloride
- Fenson (Parachlorophenyl benzene sulphonate)
- Fenthion (3-methyl-4-methyl thiophenyl phosphorothionate)
- Ferbam (Ferric Dimethyl dithio Carbamate)
- Gusathion [O, O-dimethyl S (4-oxo-1, 2, 3-benzotriazinyl-3-methyl) phosphorothioate]
- Heptachlor (1, 4, 5, 6, 7, 8, 8-heptachloro-4-7-methano-3a, 4, 7, 7a-tetrahydroindene)
- HETP (Hexaethyl tetraphosphate)
- Hexachlorobenzene
- Hydrogen Cyanide
- Hydrogen Phosphide
- Lead arsenate
- Lime Sulphur (Calcium Polysulphide, water-free sulphur, calcium thiosulphate mixture)
- Lindane (gamma, B.H.C.)
- Malathion [S-(1, 2-Bis (ethoxycarbonyl) ethyl) O, O-dimethyl-phosphoro-dithioate]
- Maleic hydrazide (1, 2-dihydropyropyridazine 3, 6-dione)
- Maneb Manganese ethylene bisdithiocarbamate)
- MCPA- (4-chloro-2 Methyl phenoxy acetic acid)
- Mercuric Chloride
- Metaldehyde
- Metasystox
- Methoxychlor (1, 1, 1-trichloro-2, 2-di-p-methoxyphenylethane)
- Methoxy ethyl mercury chloride.

Methyl bromide  
Methyl demeton (Dimeton-methyl and Dimeton-Methyl)  
Methyl Mercury Chloride  
Methyl Parathion (O, O-dimethyl-O-p-nitrophenylthiophosphate)  
Metox (Chlorsulphicide)  
Nabam (Disodium ethylene-1, 2-bisdithiocarbamate)  
Nicotine sulphate  
Octa methyl pyrophosphoramidate  
Para-dichloro benzene  
Parathion (O, O-diethyl-O-p-nitrophenylthiophosphate)  
Paris Green (Copper Aceto arsenite)  
Pentachloronitrobenzene (P.C.N.B.)  
Pentachlorophenol  
Phenyl mercury acetate  
Phenyl mercury chloride  
Phenyl mercury urea  
Phosdrine  
Phthalimidomethyl-O-O-dimethyl phosphorodithioate (Imidan)  
Piperonyl butoxide (butyl carbityl) (6-propyl piperonyl) ether O  
Pival (2-Pivalyl-indane 1-3-dione)  
Potassium Cyanide  
n-Propyl ethyl-n-butyl thiolcarbamate (Tillam)  
Pyrethrins (insectically active principles of *Chrysanthemum cinerariaefolium*)  
Rotenone  
Ryania  
Sodium fluoroacetate  
Sodium cyanide  
Sodium Fluoro Silicate  
Sulphur (wetttable or colloidal sulphur)  
Strychnine  
Sulphoxide [1, 2-methylene-dioxy-4 (2-octylsulphinyl) propyl benzene]  
TCA (trichlor acetic acid sodium and ammonium salts)  
Tedion (tetrachlor diphenyl sulphone)  
TEPP (tetraethyl Pyrophosphate)



Tetrachloro-p-benzoquinone

Thanite

Thiram [bis (dimethyl Thiocarbamyl) disulphide]

Tolyl mercury acetate

Trichlorphon

Triorthocresyl Phosphate

Thallium sulphate

Thiometon

Toxaphene (chlorinated camphene containing 67-69% chlorine)

Trichlorophenoxy acetic acid (2, 4, 5-T)

Warfarin (3-a-acetonyl benzyl-4-hydroxy-coumarin)

Zinc Phosphide

Zimet

Zineb (Zinc Ethylene bis-dithiocarbamate)

Ziram (Zinc dimethyl-dithiocarbamate)

Zulate

# THE BORDER SECURITY FORCE ACT, 1968

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THE BORDER SECURITY FORCE ACT, 1968  
No. 47 OF 1968

[2nd September, 1968]

An Act to provide for the constitution and regulation of an Armed Force of the Union for ensuring the security of the borders of India and for matters connected therewith.

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

CHAPTER I

PRELIMINARY

Short  
title and  
commence-  
ment.

1. (1) This Act may be called the Border Security Force Act, 1968.

(2) It shall come into force on such date<sup>1</sup> as the Central Government may, by notification in the Official Gazette, appoint.

Defini-  
tions.

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

(a) "active duty", in relation to a person subject to this Act, means any duty as a member of the Force during the period in which such person is attached to, or forms part of, a unit of the Force—

(i) which is engaged in operations against an enemy, or

(ii) which is operating at a picket or engaged on patrol or other guard duty along the borders of India,

and includes duty by such person during any period declared by the Central Government by notification in the Official Gazette as a period of active duty with reference to any area in which any person or class of persons subject to this Act may be serving;

(b) "battalion" means a unit of the Force constituted as a battalion by the Central Government;

<sup>1</sup> 1-3-1969 : Vide S.O. 732, dated the 20th February, 1969, Gazette of India, 1969 Extraordinary, Pt. II, Sec. 3(ii), page 235.



(c) "Chief Law Officer" and "Law Officer" mean, respectively, the Chief Law Officer and a Law Officer of the Force appointed by the Central Government;

(d) "civil offence" means an offence which is triable by a criminal court;

(e) "civil prison" means any jail or place used for the detention of any criminal prisoner under the Prisons Act, 1894, or under any other law for the time being in force;

(f) "Commandant", when used in any provision of this Act with reference to any unit of the Force, means the officer whose duty it is under the rules to discharge with respect to that unit, the functions of a Commandant in regard to matters of the description referred to in that provision;

(g) "criminal court" means a court of ordinary criminal justice in any part of India;

(h) "Deputy Inspector-General" means a Deputy Inspector-General of the Force appointed under section 5;

(i) "Director-General" means the Director-General of the Force appointed under section 5;

(j) "enemy" includes all armed mutineers, armed rebels, armed rioters, pirates and any person in arms against whom it is the duty of any person subject to this Act to take action;

(k) "enrolled person" means an under-officer or other person enrolled under this Act;

(l) "Force" means the Border Security Force;

(m) "Force custody" means the arrest or confinement of a member of the Force according to rules;

(n) "Inspector-General" means the Inspector-General of the Force appointed under section 5;

(o) "member of the Force" means an officer, a subordinate officer, an under-officer or other enrolled person;

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

(q) "offence" means any act or omission punishable under this Act and includes a civil offence;

(r) "officer" means a person appointed or in pay as an officer of the Force, but does not include a subordinate officer or an under-officer;

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

(t) "rule" means a rule made under this Act;

(u) "Security Force Court" means a court referred to in section 64;

(v) "subordinate officer" means a person appointed or in pay as a Subedar-Major, a Subedar or a Sub-Inspector of the Force;

(w) "superior officer", when used in relation to a person subject to this Act, means,—

(i) any member of the force to whose command such person is for the time being subject in accordance with the rules;

(ii) any officer of higher rank or class or of a higher grade in the same class;

and includes when such person is not an officer, a subordinate officer or an under-officer of higher rank, class or grade;

(x) "under-officer" means a Head Constable, Naik and Lance Naik of the Force;

(y) all words and expressions used and not defined in this Act but defined in the Indian Penal Code shall have the meanings assigned to them in that Code. 45 of 1960.

(2) In this Act, references to any law not in force in the State of Jammu and Kashmir shall be construed as references to the corresponding law in force in that State.

Persons  
subject  
to this  
Act.

3. (1) The following persons shall be subject to this Act, wherever they may be, namely:—

(a) officers and subordinate officers; and

(b) under-officers and other persons enrolled under this Act.

(2) Every person subject to this Act shall remain so subject until retired, discharged, released, removed or dismissed from the Force in accordance with the provisions of this Act and the rules.

## CHAPTER II

CONSTITUTION OF THE FORCE AND CONDITIONS OF SERVICE OF THE  
MEMBERS OF THE FORCE.

4. (1) There shall be an armed force of the Union called the Border Security Force for ensuring the security of the borders of India.

Consti-  
tution  
of the  
Force.

(2) Subject to the provisions of this Act, the Force shall be constituted in such manner as may be prescribed and the conditions of service of the members of the Force shall be such as may be prescribed.

5. (1) The general superintendence, direction and control of the Force shall vest in, and be exercised by, the Central Government and subject thereto and to the provisions of this Act and the rules, the command and supervision of the Force shall vest in an officer to be appointed by the Central Government as the Director-General of the Force.

Control,  
direction,  
etc.

(2) The Director-General shall, in the discharge of his duties under this Act, be assisted by such number of Inspectors-General, Deputy Inspectors-General, Commandants and other officers as may be prescribed by the Central Government.

6. (1) The persons to be enrolled to the Force, the mode of enrolment, and the procedure for enrolment shall be such as may be prescribed by the Central Government.

Enrol-  
ment.

(2) Notwithstanding anything contained in this Act and the rules, every person who has, for a continuous period of three months, been in receipt of pay as a person enrolled under this Act and borne on the rolls of the Force shall be deemed to have been duly enrolled.

7. Every member of the Force shall be liable to serve in any part of India as well as outside India.

Liability  
for  
service  
outside  
India.

8. No member of the Force shall be at liberty,—

(a) to resign his appointment during the term of his engagement; or

(b) to withdraw himself from all or any of the duties of his appointment,

Resigna-  
tion and  
with-  
drawal  
from the  
post.

except with the previous permission in writing of the prescribed authority.

Tenure of service under the Act.

9. Every person subject to this Act shall hold office during the pleasure of the President.

Termination of service by Central Government.

10. Subject to the provisions of this Act and the rules, the Central Government may dismiss or remove from the service any person subject to this Act.

Dismissal, removal or reduction by the Director-General and by other officers.

11. (1) The Director-General or any Inspector-General may dismiss or remove from the service or reduce to a lower grade or rank or the ranks any person subject to this Act other than an officer.

(2) An officer not below the rank of Deputy Inspector-General or any prescribed officer may dismiss or remove from the service any person under his command other than an officer or a subordinate officer of such rank or ranks as may be prescribed.

(3) Any such officer as is mentioned in sub-section (2) may reduce to a lower grade or rank or the ranks any person under his command except an officer or a subordinate officer.

(4) The exercise of any power under this section shall be subject to the provisions of this Act and the rules.

Certificate of termination of service.

12. A subordinate officer, or an under-officer or other enrolled person who is retired, discharged, released, removed or dismissed from the service shall be furnished by the officer, to whose command he is subject, with a certificate in the language which is the mother tongue of such person and also in Hindi or English language setting forth—

- (a) the authority terminating his service;
- (b) the cause for such termination; and
- (c) the full period of his service in the Force.

Restrictions respecting right to form association, freedom of speech, etc.

13. (1) No person subject to this Act shall, without the previous sanction in writing of the Central Government or of the prescribed authority,—

(a) be a member of, or be associated in any way with, any trade union, labour union, political association or with any class of trade unions, labour unions or political associations; or

(b) be a member of, or be associated in any way with, any society, institution, association or organisation that is not

recognised as part of the Force or is not a purely social, recreational or religious nature; or

(c) communicate with the press or publish or cause to be published any book, letter or other document except where such communication or publication is in the *bona fide* discharge of his duties or is of a purely literary, artistic or scientific character or is of a prescribed nature.

*Explanation.*—If any question arises as to whether any society, institution, association or organisation is of a purely social, recreational or religious nature under clause (b) of this sub-section, the decision of the Central Government thereon shall be final.

(2) No person subject to this Act shall participate in, or address, any meeting or take part in any demonstration organised by any body of persons for any political purposes or for such other purposes as may be prescribed.

### CHAPTER III

#### OFFENCES

14. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) shamefully abandons or delivers up any post, place or guard, committed to his charge or which it is his duty to defend; or

(b) intentionally uses any means to compel or induce any person subject to this Act or to military, naval or air force law to abstain from acting against the enemy or to discourage such person from acting against the enemy; or

(c) in the presence of the enemy, shamefully casts away his arms, ammunition, tools or equipment or misbehaves in such manner as to show cowardice; or

(d) treacherously holds correspondence with, or communicates intelligence to, the enemy or any person in arms against the Union; or

(e) directly or indirectly assists the enemy with money, arms, ammunition, stores or supplies or in any other manner whatsoever; or

Offences  
in rela-  
tion to  
the  
enemy  
and  
punish-  
able  
with  
death.

(f) in time of active operation against the enemy, intentionally occasions a false alarm in action, camp, quarters, or spreads or causes to be spread reports calculated to create alarm or despondency; or

(g) in time of action leaves his Commandant or other superior officer or his post, guard, picket, patrol or party without being regularly relieved or without leave; or

(h) having been captured by the enemy or made a prisoner of war, voluntarily serves with or aids the enemy; or

(i) knowingly harbours or protects an enemy not being a prisoner; or

(j) being a sentry in time of active operation against the enemy or alarm, sleeps upon his post or is intoxicated; or

(k) knowingly does any act calculated to imperil the success of the Force or the military, naval or air forces of India or any forces co-operating therewith or any part of such forces,

shall, on conviction by a Security Force Court, be liable to suffer death or such less punishment as is in this Act mentioned.

Offences in relation to the enemy and not punishable with death.

15. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) is taken prisoner or captured by the enemy, by want of due precaution or through disobedience of orders, or wilful neglect of duty, or having been taken prisoner or so captured fails to rejoin his service when able to do so; or

(b) without due authority holds correspondence with, or communicates intelligence to, the enemy or any person in league with the enemy or having come by the knowledge of any such correspondence or communication, wilfully omits to discover it immediately to his Commandant or other superior officer,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to fourteen years or such less punishment as is in this Act mentioned.

Offences punishable more severely on active duty than at

16. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) forces a safeguard, or forces or uses criminal force to a sentry; or

(b) breaks into any house or other place in search of plunder; or

(c) being a sentry sleeps upon his post, or is intoxicated; other times.

or

(d) without orders from his superior officer leaves his guard, picket, patrol or post; or

(e) intentionally or through neglect occasions a false alarm in camp or quarters, or spreads or causes to be spread reports calculated to create unnecessary alarm or despondency; or

(f) makes known the parole, watchword or countersign to any person not entitled to receive it; or knowingly gives a parole, watchword or countersign different from what he received,

shall, on conviction by a Security Force Court,—

(A) if he commits any such offence when on active duty, be liable to suffer imprisonment for a term which may extend to fourteen years or such less punishment as is in this Act mentioned; and

(B) if he commits any such offence when not on active duty, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

17. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) begins, incites, causes or conspires with any other person to cause any mutiny in the Force or in the military, naval or air forces of India or any forces co-operating therewith; or

(b) joins in any such mutiny; or

(c) being present at any such mutiny, does not use his utmost endeavours to suppress the same; or

(d) knowing or having reason to believe in the existence of any such mutiny, or of any intention to mutiny or of any such conspiracy, does not, without delay, give information thereof to his Commandant or other superior officer; or

(e) endeavours to seduce any person in the Force or in the military, naval or air forces of India or any forces co-operating therewith from his duty or allegiance to the Union,

shall, on conviction by a Security Force Court, be liable to suffer death or such less punishment as is in this Act mentioned.

Desertion  
and  
aiding  
desertion.

18. (1) Any person subject to this Act who deserts or attempts to desert the service shall, on conviction by a Security Force Court,—

(a) if he commits the offence when on active duty or when under orders for active duty, be liable to suffer death or such less punishment as is in this Act mentioned; and

(b) if he commits the offence under any other circumstances, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

(2) Any person subject to this Act who knowingly harbours any such deserter shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

(3) Any person subject to this Act who, being cognizant of any desertion or attempt at desertion of a person subject to this Act, does not forthwith give notice to his own or some other superior officer, or take any steps in his power to cause such person to be apprehended, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to two years or such less punishment as is in this Act mentioned.

Absence  
without  
leave.

19. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) absents himself without leave; or

(b) without sufficient cause overstays leave granted to him; or

(c) being on leave of absence and having received information from the appropriate authority that any battalion or part thereof or any other unit of the Force, to which he belongs, has been ordered on active duty, fails, without sufficient cause, to rejoin without delay; or

(d) without sufficient cause fails to appear at the time fixed at the parade or place appointed for exercise or duty; or

(e) when on parade, or on the line of march, without sufficient cause or without leave from his superior officer, quits the parade or line of march; or



(f) when in camp or elsewhere, is found beyond any limits fixed, or in any place prohibited, by any general, local or other order, without a pass or written leave from his superior officer;  
or

(g) without leave from his superior officer or without due cause, absents himself from any school when duly ordered to attend there,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to three years or such less punishment as is in this Act mentioned.

20. Any person subject to this Act who commits any of the following offences, that is to say,—

Striking or threatening superior officers.

(a) uses criminal force to or assaults his superior officer;  
or

(b) uses threatening language to such officer; or

(c) uses insubordinate language to such officer;

shall, on conviction by a Security Force Court,—

(A) if such officer is at the time in the execution of his office or, if the offence is committed on active duty, be liable to suffer imprisonment for a term which may extend to fourteen years or such less punishment as is in this Act mentioned;  
and

(B) in other cases, be liable to suffer imprisonment for a term which may extend to ten years or such less punishment as is in this Act mentioned:

Provided that in the case of an offence specified in clause (c), the imprisonment shall not exceed five years.

21. (1) Any person subject to this Act who disobeys in such manner as to show a wilful defiance of authority any lawful command given personally by his superior officer in the execution of his office whether the same is given orally, or in writing or by signal or otherwise, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to fourteen years or such less punishment as is in this Act mentioned.

Disobedience to superior officer.

(2) Any person subject to this Act who disobeys any lawful command given by his superior officer shall, on conviction by a Security Force Court,—

(a) if he commits such offence when on active duty, be liable to suffer imprisonment for a term which may extend to fourteen years or such less punishment as is in this Act mentioned; and

(b) if he commits such offence when not on active duty, be liable to suffer imprisonment for a term which may extend to five years or such less punishment as is in this Act mentioned.

Insubordi-  
nation and  
obstruc-  
tion.

22. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) being concerned in any quarrel, affray or disorder, refuses to obey any officer, though of inferior rank, who orders him into arrest, or uses criminal force to or assaults any such officer; or

(b) uses criminal force to, or assaults any person, whether subject to this Act or not, in whose custody he is lawfully placed, and whether he is or is not his superior officer; or

(c) resists an escort whose duty it is to apprehend him or to have him in charge; or

(d) breaks out of barracks, camp or quarters; or

(e) neglects to obey any general, local or other order; or

(f) impedes the Force Police referred to in section 63 or any person lawfully acting on his behalf, or when called upon, refuses to assist in the execution of his duty a Force Police or any person lawfully acting on his behalf,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend, in the case of the offences specified in clauses (d) and (e), to two years, and in the case of the offences specified in the other clauses, to ten years, or in either case such less punishment as is in this Act mentioned.

False  
answers  
on en-  
rolment.

23. Any person having become subject to this Act who is discovered to have made at the time of enrolment a wilfully false answer to any question set forth in the prescribed form of enrolment which has been put to him by the enrolling officer before

whom he appears for the purpose of being enrolled, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to five years or such less punishment as is in this Act mentioned.

24. Any person subject to this Act who commits any of the following offences, that is to say,—

Certain forms of disgraceful conduct.

(a) is guilty of any disgraceful conduct of a cruel, indecent or unnatural kind; or

(b) malingers, or feigns, or produces disease or infirmity in himself or intentionally delays his cure or aggravates his disease or infirmity; or

(c) with intent to render himself or any other person unfit for service, voluntarily causes hurt to himself or that person, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

25. Any officer, subordinate officer or under-officer, who uses criminal force to or otherwise ill-treats any person subject to this Act, being his subordinate in rank or position, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

Ill-treating a subordinate.

26. Any person subject to this Act who is found in a state of intoxication, whether on duty or not, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to six months or such less punishment as is in this Act mentioned.

Intoxication.

27. Any person subject to this Act who commits any of the following offences, that is to say,—

Permitting escape of person in custody.

(a) when in command of a guard, picket, patrol or post, releases without proper authority, whether wilfully or without reasonable excuse, any person committed to his charge, or refuses to receive any prisoner or person so committed; or

(b) wilfully or without reasonable excuse allows to escape any person who is committed to his charge, or whom it is his duty to keep or guard,

shall, on conviction by a Security Force Court, be liable, if he has acted wilfully, to suffer imprisonment for a term which may extend to ten years or such less punishment as is in this Act mentioned; and if he has not acted wilfully, to suffer imprisonment for

a term which may extend to two years or such less punishment as is in this Act mentioned.

Irregularity in connection with arrest or confinement.

28. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) unnecessarily detains a person in arrest or confinement without bringing him to trial, or fails to bring his case before the proper authority for investigation; or

(b) having committed a person to Force custody fails without reasonable cause to deliver at the time of such committal, or as soon as practicable, and in any case within forty-eight hours thereafter, to the officer or other person into whose custody the person arrested is committed, an account in writing signed by himself of the offence with which the person so committed is charged,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to one year or such less punishment as is in this Act mentioned.

Escape from custody.

29. Any person subject to this Act who, being in lawful custody, escapes or attempts to escape, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to three years or such less punishment as is in this Act mentioned.

Offences in respect of property.

30. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) commits theft of any property belonging to the Government, or to any Force mess, band or institution, or to any person subject to this Act; or

(b) dishonestly misappropriates or converts to his own use any such property; or

(c) commits criminal breach of trust in respect of any such property; or

(d) dishonestly receives or retains any such property in respect of which any of the offences under clauses (a), (b) and (c) has been committed, knowing or having reason to believe the commission of such offence; or

(e) wilfully destroys or injures any property of the Government entrusted to him; or

(f) does any other thing with intent to defraud, or to cause wrongful gain to one person or wrongful loss to another person,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to ten years or such less punishment as is in this Act mentioned.

Extortion  
and cor-  
ruption.

31. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) commits extortion; or

(b) without proper authority exacts from any person money, provisions or service,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to ten years or such less punishment as is in this Act mentioned.

Making  
away  
with  
equip-  
ment.

32. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) makes away with, or is concerned in making away with, any arms, ammunition, equipment, instruments, tools, clothing or any other thing being the property of the Government issued to him for his use or entrusted to him; or

(b) loses by neglect anything mentioned in clause (a); or

(c) sells, pawns, destroys or defaces any medal or decoration granted to him,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend, in the case of the offences specified in clause (a), to ten years, and in the case of the offences specified in the other clauses, to five years, or in either case such less punishment as is in this Act mentioned.

Injury  
to pro-  
perty.

33. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) destroys or injures any property mentioned in clause (a) of section 32, or any property belonging to any Force mess, band or institution, or to any person subject to this Act; or

(b) commits any act which causes damage to, or destruction of, any property of the Government by fire; or

(c) kills, injures, makes away with, ill-treats or loses any, animal entrusted to him,

shall, on conviction by a Security Force Court, be liable, if he has acted wilfully to suffer imprisonment for a term which may extend

to ten years or such less punishment as is in this Act mentioned; and if he has acted without reasonable excuse, to suffer imprisonment for a term which may extend to five years or such less punishment as is in this Act mentioned.

False  
accusa-  
tions.

34. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) makes a false accusation against any person subject to this Act, knowing or having reason to believe such accusation to be false; or

(b) in making a complaint against any person subject to this Act makes any statement affecting the character of such person, knowing or having reason to believe such statement to be false, or knowingly and wilfully suppresses any material facts,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to three years or such less punishment as is in this Act mentioned.

Falsify-  
ing  
official  
documents  
and  
false  
declara-  
tions.

35. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) in any report, return, list, certificate, book or other document made or signed by him, or of the contents of which it is his duty to ascertain the accuracy, knowingly makes, or is privy to the making of, any false or fraudulent statement; or

(b) in any document of the description mentioned in clause (a) knowingly makes, or is privy to the making of, any omission, with intent to defraud; or

(c) knowingly and with intent to injure any person, or knowingly and with intent to defraud, suppresses, defaces, alters or makes away with any document which it is his duty to preserve or produce; or

(d) where it is his official duty to make a declaration respecting any matter, knowingly makes a false declaration; or

(e) obtains for himself, or for any other person, any pension, allowance or other advantage or privilege by a statement which is false, and which he either knows or believes to be false or does not believe to be true, or by making or using a false entry in any book or record, or by making any document containing a false statement, or by omitting to make a true entry or document containing a true statement.

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to ten years or such less punishment as is in this Act mentioned.

36. Any person subject to this Act who commits any of the following offences, that is to say,—

Signing  
in blank  
and  
failure  
to report.

(a) when signing any document relating to pay, arms, ammunition, equipment, clothing, supplies or stores, or any property of the Government fraudulently leaves in blank any material part for which his signature is a voucher; or

(b) refuses or by culpable neglect omits to make or send a report or return which it is his duty to make or send, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to three years or such less punishment as is in this Act mentioned.

37. Any person subject to this Act who commits any of the following offences, that is to say,—

Offences  
relating to  
Security  
Force  
Court.

(a) being duly summoned or ordered to attend as a witness before a Security Force Court, wilfully or without reasonable excuse, makes default in attending; or

(b) refuses to take an oath or make an affirmation legally required by a Security Force Court to be taken or made; or

(c) refuses to produce or deliver any document in his power or control legally required by a Security Force Court to be produced or delivered by him; or

(d) refuses, when a witness, to answer any question which he is by law bound to answer; or

(e) is guilty of contempt of the Security Force Court by using insulting or threatening language, or by causing any interruption or disturbance in the proceedings of such court, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to three years or such less punishment as is in this Act mentioned.

38. Any person subject to this Act who, having been duly sworn or affirmed before any Security Force Court or other court competent under this Act to administer an oath or affirmation, makes any statement which is false, and which he either knows or believes to be false or does not believe to be true, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

False  
evidence.

39. Any officer, subordinate officer or an under-officer who, having received the pay of a person subject to this Act unlawfully detains or refuses to pay the same when due, shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which

Unlawful  
detention  
of pay.

may extend to five years or such less punishment as is in this Act mentioned.

Violation  
of good  
order  
and dis-  
cipline.

40. Any person subject to this Act who is guilty of any act or omission which, though not specified in this Act, is prejudicial to good order and discipline of the Force shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

Miscella-  
neous  
offences.

41. Any person subject to this Act who commits any of the following offences, that is to say,—

(a) being in command at any post or on the march, and receiving a complaint that any one under his command has beaten or otherwise maltreated or oppressed any person, or has disturbed any fair or market, or committed any riot or trespass, fails to have due reparation made to the injured person or to report the case to the proper authority; or

(b) by defiling any place of worship, or otherwise, intentionally insults the religion, or wounds the religious feelings of, any person; or

(c) attempts to commit suicide, and in such attempt does any act towards the commission of such offence; or

(d) being below the rank of subordinate officer, when off duty, appears without proper authority, in or about camp, or in or about, or when going to, or returning from, any town or bazaar, carrying a rifle, sword or other offensive weapon; or

(e) directly or indirectly accepts or obtains, or agrees to accept, or attempts to obtain, for himself or for any other person, any gratification as a motive or reward for procuring the enrolment of any person, or leave of absence, promotion or any other advantage or indulgence for any person in the service; or

(f) commits any offence against the property or person of any inhabitant of, or resident in, the country in which he is serving,

shall, on conviction by a Security Force Court, be liable to suffer imprisonment for a term which may extend to seven years or such less punishment as is in this Act mentioned.

Attempt.

42. Any person subject to this Act who attempts to commit any of the offences specified in sections 14 to 41 (both inclusive) and in such attempt does any act towards the commission of the offence



shall, on conviction by a Security Force Court, where no express provision is made by this Act for the punishment of such attempt, be liable,—

(a) if the offence attempted to be committed is punishable with death, to suffer imprisonment for a term which may extend to fourteen years or such less punishment as is in this Act mentioned; and

(b) if the offence attempted to be committed is punishable with imprisonment, to suffer imprisonment for a term which may extend to one-half of the longest term provided for that offence or such less punishment as is in this Act mentioned.

43. Any person subject to this Act who abets the commission of any of the offences specified in sections 14 to 41 (both inclusive) shall, on conviction by a Security Force Court, if the Act abetted is committed in consequence of the abetment and no express provision is made by this Act for the punishment of such abetment, be liable to suffer the punishment provided for that offence or such less punishment as is in this Act mentioned.

Abetment of offences that have been committed.

44. Any person subject to this Act who abets the commission of any of the offences punishable with death under sections 14, 17 and sub-section (1) of section 18 shall, on conviction by a Security Force Court, if that offence be not committed in consequence of the abetment, and no express provision is made by this Act for the punishment of such abetment, be liable to suffer imprisonment for a term which may extend to fourteen years or such less punishment as is in this Act mentioned.

Abetment of offences punishable with death and not committed.

45. Any person subject to this Act who abets the commission of any of the offences specified in sections 14 to 41 (both inclusive) and punishable with imprisonment shall, on conviction by a Security Force Court, if that offence be not committed in consequence of the abetment, and no express provision is made by this Act for the punishment of such abetment, be liable to suffer imprisonment for a term which may extend to one-half of the longest term provided for that offence or such less punishment as is in this Act mentioned.

Abetment of offences punishable with imprisonment and not committed.

46. Subject to the provisions of section 47, any person subject to this Act who at any place in, or beyond, India commits any civil offence shall be deemed to be guilty of an offence against this Act and, if charged therewith under this section shall be liable to be tried by a Security Force Court and, on conviction, be punishable as follows, that is to say,—

Civil offences.

(a) if the offence is one which would be punishable under any law in force in India with death, he shall be liable to suffer

any punishment, assigned for the offence, by the aforesaid law and such less punishment as is in this Act mentioned; and

(b) in any other case, he shall be liable to suffer any punishment, assigned for the offence by the law in force in India, or imprisonment for a term which may extend to seven years, or such less punishment as is in this Act mentioned.

Civil offences not triable by a Security Force Court.

47. A person subject to this Act who commits an offence of murder or of culpable homicide not amounting to murder against, or of rape in relation to, a person not subject to this Act shall not be deemed to be guilty of an offence against this Act and shall not be tried by a Security Force Court, unless he commits any of the said offences,—

(a) while on active duty; or

(b) at any place outside India; or

(c) at any place specified by the Central Government by notification in this behalf.

#### CHAPTER IV

#### PUNISHMENTS

Punishments awardable by Security Force Courts.

48. (1) Punishments may be inflicted in respect of offences committed by persons subject to this Act and convicted by Security Force Courts according to the scale following, that is to say,—

(a) death;

(b) imprisonment which may be for the term of life or any other lesser term but excluding imprisonment for a term not exceeding three months in Force custody;

(c) dismissal from the service;

(d) imprisonment for a term not exceeding three months in Force custody;

(e) reduction to the ranks or to a lower rank or grade or place in the list of their rank in the case of an under-officer;

(f) forfeiture of seniority of rank and forfeiture of all or any part of the service for the purpose of promotion;

(g) forfeiture of service for the purpose of increased pay, pension or any other prescribed purpose;

(h) fine, in respect of civil offences;

(i) severe reprimand or reprimand except in the case of persons below the rank of an under-officer;

(j) forfeiture of pay and allowances for a period not exceeding three months for an offence committed on active duty;

(k) forfeiture in the case of person sentenced to dismissal from the service of all arrears of pay and allowances and other public money due to him at the time of such dismissal;

(l) stoppage of pay and allowances until any proved loss or damage occasioned by the offence for which he is convicted is made good.

(2) Each of the punishments specified in sub-section (1) shall be deemed to be inferior in degree to every punishment preceding it in the above scale.

49. Subject to the provisions of this Act, a Security Force Court may, on convicting a person subject to this Act of any of the offences specified in sections 14 to 45 (both inclusive) award either the particular punishment with which the offence is stated in the said sections to be punishable or, in lieu thereof, any one of the punishments lower in the scale set out in section 48 regard being had to the nature and degree of the offence.

Alternative punishments awardable by Security Force Courts.

50. A sentence of a Security Force Court may award in addition to, or without any one other punishment, the punishment specified in clause (c) of sub-section (1) of section 48, and any one or more of the punishments specified in clauses (e) to (l) (both inclusive) of that sub-section.

Combination of punishments.

51. When on active duty any enrolled person has been sentenced by a Security Force Court to dismissal or to imprisonment whether combined with dismissal or not, the prescribed officer may direct that such person may be retained to serve in the ranks, and such service shall be reckoned as part of his term of imprisonment if any.

Retention in the Force of a person convicted on active duty.

52. Punishments may also be inflicted in respect of offences committed by persons subject to this Act without the intervention of a Security Force Court in the manner stated in sections 53 and 55.

Punishments otherwise than by Security Force Courts.

53. Subject to the provisions of section 54, a Commandant or such other officer as is, with the consent of Central Government, specified by the Director-General may, in the prescribed manner, proceed against a person subject to this Act, otherwise than as an officer or a subordinate officer, who is charged with an offence under this Act and award such person, to the extent prescribed, one or more of the following punishments, that is to say,—

Minor punishments.

(a) imprisonment in Force custody up to twenty-eight days;

(b) detention up to twenty-eight days;

- (c) confinement to the lines up to twenty-eight days;
- (d) extra guards or duties;
- (e) deprivation of any special position or special emoluments or any acting rank or reduction to a lower grade of pay;
- (f) forfeiture of good service and good conduct pay;
- (g) severe reprimand or reprimand;
- (h) fine up to fourteen days' pay in any one month;
- (i) deductions from his pay of any sum required to make good such compensation for any expense, loss, damage or destruction caused by him to the Central Government, or to any building or property as may be awarded by his Commandant.

**Limit of punishments under section 53.** 54. (1) In the case of an award of two or more of the punishments specified in clauses (a), (b), (c) and (d) of section 53, the punishments specified in clause (c) or clause (d) shall take effect only at the end of the punishment specified in clause (a) or clause (b).

(2) When two or more of the punishments specified in the said clauses (a), (b) and (c) are awarded to a person conjointly, or when already undergoing one or more of the said punishments, the whole extent of the punishments shall not exceed in the aggregate forty-two days.

(3) The punishments specified in the said clauses (a), (b) and (c) shall not be awarded to any person who is of the rank of an under-officer or was, at the time of committing the offence for which he is punished, of such rank.

(4) The punishment specified in clause (g) of section 53 shall not be awarded to any person below the rank of an under-officer.

**Punishment of persons of and below the rank of subordinate officers by Deputy Inspectors-General and others.** 55. (1) An officer not below the rank of the Deputy Inspector-General or such other officer as is, with the consent of the Central Government, specified by the Director-General may, in the prescribed manner, proceed against a person of or below the rank of a subordinate officer who is charged with an offence under this Act and award one or more of the following punishments, that is to say,—

(a) forfeiture of seniority, or in the case of any of them whose promotion depends upon the length of service forfeiture of service for the purpose of promotion for a period not exceeding twelve months, but subject to the right of the accused previous to the award to elect to be tried by a Security Force Court;

(b) severe reprimand or reprimand;

(c) stoppage of pay and allowances until any proved loss or damage occasioned by the offence of which he is convicted is made good.

(2) In every case in which punishment has been awarded under sub-section (1), certified true copies of the proceedings shall be forwarded, in the prescribed manner, by the officer awarding the punishment to the prescribed superior authority who may, if the punishment awarded appears to him to be illegal, unjust or excessive, cancel, vary or remit the punishment and make such other direction as may be appropriate in the circumstances of the case.

56. (1) Whenever any weapon or part of a weapon, or ammunition, forming part of the equipment of a unit of the Force, is lost or stolen, an officer not below the rank of the Commandant of a battalion may, after making such enquiry as he thinks fit and subject to the rules, impose a collective fine upon the subordinate officers, under-officers and men of such unit, or upon so many of them as, in his judgment, should be held responsible for such loss or theft.

(2) Such fine shall be assessed as a percentage on the pay of the individuals on whom it falls.

## CHAPTER V

### ARREST AND PROCEEDINGS BEFORE TRIAL

57. (1) Any person subject to this Act who is charged with an offence may be taken into Force custody, under the order of any superior officer.

(2) Notwithstanding anything contained in sub-section (1), an officer may order into Force custody any other officer, though such other officer may be of a higher rank, engaged in a quarrel, affray or disorder.

58. (1) It shall be the duty of every Commandant to take care that a person under his command when charged with an offence is not detained in custody for more than forty-eight hours after the committal of such person into custody is reported to him, without the charge being investigated, unless investigation within that period seems to him to be impracticable having regard to the public service.

(2) The case of every person being detained in custody beyond a period of forty-eight hours, and the reasons therefor, shall be reported by the Commandant to the Deputy Inspector-General under whom he is serving or such other officer to whom an application may be made to convene a Security Force Court for the trial of the person charged.

(3) In reckoning the period of forty-eight hours specified in subsection (1), Sundays and other public holidays shall be excluded.

(4) Subject to the provisions of this Act, the Central Government may make rules providing for the manner in which and the period for which any person subject to this Act may be taken into and detained in Force custody, pending the trial by any competent authority for any offence committed by him.

Interval  
between  
committal  
and trial.

59. In every case where any such person as is mentioned in section 57 and as is not on active duty, remains in such custody for a longer period than eight days without a Security Force Court for his trial being convened, a special report giving reasons for the delay shall be made by his Commandant in the manner prescribed, and a similar report shall be forwarded at intervals of every eight days until a Security Force Court is convened or such person is released from custody.

Arrest by  
civil  
authori-  
ties.

60. Whenever any person subject to this Act, who is accused of an offence under this Act, is within the jurisdiction of any magistrate or police officer, such magistrate or police officer shall aid in the apprehension and delivery to Force custody of such person upon receipt of a written application to that effect signed by his Commandant or an officer authorised by the Commandant in that behalf.

Capture of  
deserters.

61. (1) Whenever any person subject to this Act deserts, the Commandant of the unit to which he belongs, shall give information of the desertion to such civil authorities as, in his opinion, may be able to afford assistance towards the capture of the deserter; and such authorities shall thereupon take steps for the apprehension of the said deserter in like manner as if he were a person for whose apprehension a warrant had been issued by a magistrate, and shall deliver the deserter, when apprehended, into Force custody.

(2) Any police officer may arrest without warrant any person reasonably believed to be subject to this Act, and to be a deserter or to be travelling without authority, and shall bring him without delay before the nearest magistrate, to be dealt with according to law.

Inquiry  
into  
absence  
without  
leave.

62. (1) When any person subject to this Act has been absent from duty without due authority for a period of thirty days, a court of inquiry shall, as soon as practicable, be appointed by such authority and in such manner as may be prescribed; and such court shall, on oath or affirmation administered in the prescribed manner, inquire respecting the absence of the person, and the deficiency, if any, in the property of the Government entrusted to his care, or

in any arms, ammunition, equipment, instruments, clothing or necessities; and if satisfied of the fact of such absence without due authority or other sufficient cause, the court shall declare such absence and the period thereof and the said deficiency, if any, and the Commandant of the unit to which the person belongs shall make a record thereof in the prescribed manner.

(2) If the person declared absent does not afterwards surrender or is not apprehended, he shall for the purposes of this Act, be deemed to be a deserter.

63. (1) The Director-General or any prescribed officer may appoint persons (in this Act referred to as Force police) for discharging the functions specified in sub-sections (2) and (3). Force  
police  
officers.

(2) The duties of a person appointed under sub-section (1), are to take charge of persons confined for any offence, to preserve good order and discipline and to prevent breaches of the same by persons serving in, or attached to, the Force.

(3) Notwithstanding anything contained in section 57, a person appointed under sub-section (1) may, at any time, arrest and detain for trial any person subject to this Act who commits, or is charged with, an offence, and may also carry into effect any punishment to be inflicted in pursuance of a sentence awarded by a Security Force Court or by an officer exercising authority under section 53 but shall not inflict any punishment on his own authority:

Provided that no officer shall be so arrested or detained otherwise than on the order of another officer.

## CHAPTER VI

### SECURITY FORCE COURTS

64. For the purposes of this Act there shall be three kinds of Security Force Courts, that is to say,— Kinds of  
Security  
Force  
Courts.

- (a) General Security Force Courts;
- (b) Petty Security Force Courts; and
- (c) Summary Security Force Courts.

65. A General Security Force Court may be convened by the Central Government or the Director-General or by any officer empowered in this behalf by warrant of the Director-General. Power to  
convene  
a General  
Security  
Force  
Court.

Power to convene a Petty Security Force Court.

Contents of warrants issued under sections 65 and 66.

Composition of General Security Force Court.

Composition of a Petty Security Force Court.

Summary Security Force Court.

Dissolution of a Security Force Court.

66. A Petty Security Force Court may be convened by an officer having power to convene a General Security Force Court or by an officer empowered in this behalf by warrant of any such officer.

67. A warrant, issued under section 65 or section 66 may contain such restrictions, reservations or conditions as the officer issuing it may think fit.

68. A General Security Force Court shall consist of not less than five officers, each of whom has held the post of Deputy Superintendent of Police for not less than three whole years and of whom not less than four are of a rank not below that of a confirmed Deputy Superintendent of Police.

*Explanation.*—For the purposes of this section and section 69 “Deputy Superintendent of Police” includes any post of a higher rank and any post declared by Central Government by notification to be an equivalent post as also any post higher in rank than the post so declared.

69. A Petty Security Force Court shall consist of not less than three officers each of whom has held the post of Deputy Superintendent of Police for not less than two whole years.

70. (1) A Summary Security Force Court may be held by the Commandant of any unit of the Force and he alone shall constitute the Court.

(2) The proceedings shall be attended throughout by two other persons who shall be officers or subordinate officers or one of either, and who shall not as such, be sworn or affirmed.

71. (1) If a Security Force Court after the commencement of a trial is reduced below the minimum number of officers required by this act, it shall be dissolved.

(2) If, on account of the illness of the Law Officer or of the accused before the finding, it is impossible to continue the trial, a Security Force Court shall be dissolved.



(3) The officer who convened a Security Force Court may dissolve the same if it appears to him that the exigencies of the service or necessities of discipline render it impossible or inexpedient to continue the said Security Force Court.

(4) Where a Security Force Court is dissolved under this section, the accused may be tried again.

72. A General Security Force Court shall have the power to try any person subject to this Act for any offence punishable thereunder and to pass any sentence authorised thereby.

Powers  
of a  
General  
Security  
Force  
Court.

73. A Petty Security Force Court shall have power to try any person subject to this Act other than an officer or a subordinate officer for any offence made punishable thereunder and to pass any sentence authorised by this Act other than a sentence of death, or imprisonment for a term exceeding two years.

Powers  
of a  
Petty  
Security  
Force  
Court.

74. (1) Subject to the provisions of sub-section (2), a Summary Security Force Court may try any offence punishable under this Act.

Powers  
of a  
Summary  
Security  
Force  
Court.

(2) When there is no grave reason for immediate action and reference can without detriment to discipline be made to the officer empowered to convene a Petty Security Force Court for the trial of the alleged offender, an officer holding a Summary Security Force Court shall not try without such reference any offence punishable under any of the sections 14, 17 and 46 of this Act, or any offence against the officer holding the court.

(3) A Summary Security Force Court may try any person subject to this Act and under the command of the officer holding the court, except an officer, or a subordinate officer.

(4) A Summary Security Force Court may pass any sentence which may be passed under this Act, except the sentence of death or of imprisonment for a term exceeding the limit specified in sub-section (5).

(5) The limit referred to in sub-section (4) shall be,—

(a) one year, if the officer holding the Security Force Court has held either the post of Superintendent of Police or a post declared by the Central Government by notification to be equivalent thereto, for a period of not less than three years or holds a post of higher rank than either of the said posts; and

(b) three months, in any other case.

Prohibition of second trial.

75. (1) When any person subject to this Act has been acquitted or convicted of an offence by a Security Force Court or by a criminal court or has been dealt with under section 53 or under section 55, he shall not be liable to be tried again for the same offence by a Security Force Court or dealt with under the said sections.

(2) When any person, subject to this Act, has been acquitted or convicted of an offence by a Security Force Court or has been dealt with under section 53 or section 55, he shall not be liable to be tried again by a criminal court for the same offence or on the same facts.

Period of limitation for trial for an offence of desertion in certain cases.

76. No trial for an offence of desertion, other than desertion on active duty, shall be commenced if the person in question, not being an officer, has subsequently to the commission of the offence, served continuously in an exemplary manner for not less than three years with any unit of the Force.

Trial, etc., of offender who ceases to be subject to this Act.

77. (1) Where an offence under this Act had been committed by any person while subject to this Act, and he has ceased to be so subject, he may be taken into and kept in Force custody and tried and punished for such offence as if he continued to be so subject.

(2) No such person shall be tried for an offence, unless his trial commences within six months after he had ceased to be subject to this Act:

Provided that nothing contained in this sub-section shall apply to the trial of any such person for an offence of desertion or for any of the offences mentioned in section 17 or shall affect the jurisdiction of a criminal court to try any offence triable by such court as well as by a Security Force Court.

Application of Act during

78. (1) When a person subject to this Act is sentenced by a Security Force Court to imprisonment, this Act shall apply to him during the term of his sentence, though he is dismissed from the

Force, or has otherwise ceased to be subject to this Act, and he may be kept, removed, imprisoned and punished as if he continued to be subject to this Act.

term of sentence.

(2) When a person subject to this Act is sentenced by a Security Force Court to death, this Act shall apply to him till the sentence is carried out.

79. Any person subject to this Act who commits any offence against it may be tried and punished for such offence in any place whatever.

Place of trial.

80. When a criminal court and a Security Force Court have each jurisdiction in respect of an offence, it shall be in the discretion of the Director-General, or the Inspector-General or the Deputy Inspector-General within whose command the accused person is serving or such other officer as may be prescribed, to decide before which court the proceedings shall be instituted, and, if that officer decides that they shall be instituted before a Security Force Court, to direct that the accused person shall be detained in Force custody.

Choice between criminal court and Security Force Court.

81. (1) When a criminal court having jurisdiction is of opinion that proceedings shall be instituted before itself in respect of any alleged offence, it may, by written notice, require the officer referred to in section 80 at his option, either to deliver over the offender to the nearest magistrate to be proceeded against according to law, or to postpone proceedings, pending a reference to the Central Government.

Power of criminal court to require delivery of offender.

(2) In every such case the said officer shall either deliver over the offender in compliance with the requisition, or shall forthwith refer the question as to the court before which the proceedings are to be instituted, for the determination of the Central Government whose order upon such reference shall be final.

## CHAPTER VII

### PROCEDURE OF SECURITY FORCE COURTS

82. At every General Security Force Court or Petty Security Force Court, the senior member shall be the presiding officer.

Presiding Officer.

83. Every General Security Force Court shall, and every Petty Security Force Court may, be attended by a Law Officer, or if no such officer is available, an officer approved by the Chief Law Officer, or a Law Officer, or a Law Officer.

Law Officers.

Chal-  
lenges.

84. (1) At all trials by a General Security Force Court or by a Petty Security Force Court, as soon as the court is assembled, the names of the presiding officer and members shall be read over to the accused, who shall thereupon be asked whether he objects to being tried by any officer sitting on the court.

(2) If the accused objects to such officer, his objection and also the reply thereto of the officer objected to shall be heard and recorded, and the remaining officers of the court shall in the absence of the challenged officer decide on the objection.

(3) If the objection is allowed by one-half or more of the votes of the officers entitled to vote, the objection shall be allowed, and the member objected to shall retire, and his vacancy may be filled in the prescribed manner, by another officer subject to the same right of the accused to object.

(4) When no challenge is made, or when a challenge has been made and disallowed, or the place of every officer successfully challenged has been filled by another officer to whom no objection is made or allowed, the court shall proceed with the trial.

Oaths of  
member,  
Law Offi-  
cer and  
witness.

85. (1) An oath or affirmation in the prescribed manner shall be administered to every member of every Security Force Court and to the Law Officer or as the case may be the officer approved under section 83, before the commencement of the trial.

(2) Every person giving evidence before a Security Force Court shall be examined after being duly sworn or affirmed in the prescribed form.

(3) The provisions of sub-section (2) shall not apply where the witness is a child under twelve years of age and the Security Force Court is of opinion that though the witness understands the duty of speaking the truth, he does not understand the nature of an oath or affirmation.

Voting by  
members.

86. (1) Subject to the provisions of sub-sections (2) and (3), every decision of a Security Force Court shall be passed by an absolute majority of votes; and where there is an equality of votes on either the finding or the sentence, the decision shall be in favour of the accused.

(2) No sentence of death shall be passed by a General Security Force Court without the concurrence of at least two-thirds of the members of the court.

(3) In matters, other than a challenge or the finding or sentence, the presiding officer shall have a casting vote.

1 of 1872.

87. The Indian Evidence Act, 1872, shall, subject to the provisions of this Act, apply to all proceedings before a Security Force Court.

General rule as to evidence.

88. A Security Force Court may take judicial notice of any matter within the general knowledge of the members as officers of the Force.

Judicial notice.

89. (1) The convening officer, the presiding officer of a Security Force Court, the Law Officer or, as the case may be, the officer approved under section 83 or the Commandant of the accused person may, by summons under his hand, require the attendance, at a time and place to be mentioned in the summons, of any person either to give evidence or to produce any document or other thing.

Summoning witnesses.

(2) In the case of a witness who is subject to this Act, the summons shall be sent to his Commandant and such officer shall serve it upon him accordingly.

(3) In the case of any other witness, the summons shall be sent to the magistrate within whose jurisdiction he may be, or resides, and such magistrate shall give effect to the summons as if the witness were required in the court of such a magistrate.

(4) When a witness is required to produce any particular document or other thing in his possession or power, the summons shall describe it with reasonable precision.

1 of 1872.

90. (1) Nothing in section 89 shall be deemed to affect the operation of sections 123 and 124 of the Indian Evidence Act, 1872 or to apply to any letter, postcard, telegram or other document in the custody of the postal or telegraph authorities.

Documents exempted from production.

(2) If any document in such custody is, in the opinion of any District Magistrate, Chief Presidency Magistrate, High Court or Court of Sessions, wanted for the purpose of any Security Force Court, such magistrate, or Court may require the postal or telegraph authorities, as the case may be, to deliver such document to such person as such magistrate, or Court may direct.

(3) If any such document is, in the opinion of any other magistrate or of any Commissioner of Police or District Superintendent of Police, wanted for any such purpose, he may require the postal or telegraph authorities as the case may be, to cause such search to be made for,

and to detain such document pending the orders of any such District Magistrate, Chief Presidency Magistrate or High Court or Court of Sessions.

Commissions for examination of witnesses.

91. (1) Whenever, in the course of a trial by a Security Force Court, it appears to the court that the examination of a witness is necessary for the ends of justice, and that the attendance of such witness cannot be procured without an amount of delay, expense or inconvenience which, in the circumstances of the case, would be unreasonable, such court may address the Chief Law Officer in order that a commission to take the evidence of such witness may be issued.

(2) The Chief Law Officer may then, if he thinks necessary, issue a commission to any district magistrate or magistrate of the first class, within the local limits of whose jurisdiction such witness resides, to take the evidence of such witness.

(3) The magistrate or officer to whom the commission is issued, or, if he is the District Magistrate, he or such Magistrate of the first class as he appoints in this behalf, shall proceed to the place where the witness is, or shall summon the witness before him and shall take down his evidence in the same manner, and may for this purpose exercise the same powers, as in the trials of warrant-cases under the Code of Criminal Procedure, 1898.

5 of 1898.

(4) When the witness resides in a tribal area or in any place outside India, the commission may be issued in the manner specified in Chapter XL of the Code of Criminal Procedure, 1898.

5 of 1898

Examination of a witness or commission.

92. (1) The prosecutor and the accused person in any case in which a commission is issued under section 91 may respectively forward any interrogatories in writing which the court may think relevant to the issue, and the Magistrate or officer executing the commission shall examine the witness upon such interrogatories.

(2) The prosecutor and the accused person may appear before such Magistrate or officer by counsel or, except in the case of an accused person in custody, in person, and may examine, cross-examine and re-examine, as the case may be, the said witness.

(3) After a commission issued under section 91 has been duly executed, it shall be returned, together with the deposition of the witness examined thereunder to the Chief Law Officer.

(4) On receipt of a Commission, and deposition returned under sub-section (3), the Chief Law Officer shall forward the same to the court at whose instance the commission was issued or, if such court has been dissolved, to any other court convened for the trial of the

accused person; and the commission, the return thereto and the deposition shall be open to inspection by the prosecutor and the accused person, and may, subject to all just exceptions, be read in evidence in the case by either the prosecutor or the accused, and shall form part of the proceedings of the court.

(5) In every case in which a commission is issued under section 91, the trial may be adjourned for specified time reasonably sufficient for the execution and return of the commission.

93. (1) A person charged before a Security Force Court with desertion may be found guilty of attempting to desert or of being absent without leave.

Conviction of offence not charged.

(2) A person charged before a Security Force Court with attempting to desert may be found guilty of being absent without leave.

(3) A person charged before a Security Force Court with using criminal force may be found guilty of assault.

(4) A person charged before a Security Force Court with using threatening language may be found guilty of using insubordinate language.

(5) A person charged before a Security Force Court with any one of the offences specified in clauses (a), (b), (c) and (d) of section 30 may be found guilty of any other of these offences with which he might have been charged.

5 of 1898.

(6) A person charged before a Security Force Court with an offence punishable under section 46 may be found guilty of any other offence of which he might have been found guilty, if the provisions of the Code of Criminal Procedure, 1898, were applicable.

(7) A person charged before a Security Force Court with any offence under this Act may, on failure of proof of an offence having been committed in circumstances involving a more severe punishment, be found guilty of the same offence as having been committed in circumstances involving a less severe punishment.

(8) A person charged before a Security Force Court with any offence under this Act may be found guilty of having attempted or abetted the commission of that offence, although the attempt or abetment is not separately charged.

94. In any proceeding under this Act, any application, certificate, warrant, reply or other document purporting to be signed by an officer in the service of the Government shall, on production, be presumed to have been duly signed by the person by whom and in the character in which it purports to have been signed, until the contrary is shown.

Presumption as to signatures.

Enrolment  
paper.

95. (1) Any enrolment paper purporting to be signed by an enrolling officer shall, in proceedings under this Act, be evidence of the person enrolled having given the answers to questions which he is therein represented as having given.

(2) The enrolment of such person may be proved by the production of the original or a copy of his enrolment paper purporting to be certified to be a true copy by the officer having the custody of the enrolment paper.

Presump-  
tion as  
to certain  
docu-  
ments.

96. (1) A letter, return or other document respecting the service of any person in, or the dismissal or discharge of any person from, any unit of the Force, or respecting the circumstances of any person not having served in, or belonged to, any unit of the Force, if purporting to be signed by or on behalf of the Central Government or the Director-General, or by any prescribed officer, shall be evidence of the facts stated in such letter, return or other document.

(2) A Border Security Force List or Gazette purporting to be published by authority shall be evidence of the status and rank of the officers, subordinate officers therein mentioned, and of any appointment held by them and of the battalion, unit, or branch of the Force to which they belong.

(3) Where a record is made in any battalion book in pursuance of this Act or of any rules made thereunder or otherwise in the discharge of official duties, and purports to be signed by the Commandant or by the officer whose duty it is to make such record, such record shall be evidence of the facts therein stated.

(4) A copy of any record in any battalion book purporting to be certified to be a true copy by the officer having custody of such book shall be evidence of such record.

(5) Where any person subject to this Act is being tried on a charge of desertion or of absence without leave, and such person has surrendered himself into the custody of any officer or other person subject to this Act, or any unit of the Force, or has been apprehended by such officer or person, a certificate purporting to be signed by such officer, or by the Commandant of the unit to which such person belongs, as the case may be, and stating the fact, date and place of such surrender or apprehension, and the manner in which he was dressed, shall be evidence of the matters so stated.

(6) Where any person subject to this Act is being tried on a charge of desertion or of absence without leave and such person has surrendered himself into the custody of, or has been apprehended by, a police officer not below the rank of an officer in charge of a



police station, a certificate purporting to be signed by such police officer and stating the fact, date and place of such surrender or apprehension and the manner in which he was dressed shall be evidence of the matters so stated.

(7) Any document purporting to be a report under the hand of any Chemical Examiner or Assistant Chemical Examiner to Government upon any matter or thing duly submitted to him for examination or analysis and report, may be used as evidence in any proceeding under this Act.

97. (1) If at any trial for desertion or absence without leave, overstaying leave or not rejoining when warned for service, the accused person states in his defence any sufficient or reasonable excuse for his unauthorised absence, and refers in support thereof to any officer in the service of the Government, or if it appears that any such officer is likely to prove or disprove the said statement in the defence, the court shall address such officer and adjourn the proceedings until his reply is received.

Reference  
by accused  
to Gov-  
ernment  
Officer.

(2) The written reply of any officer so referred to shall, if signed by him, be received in evidence and have the same effect as if made on oath before the court.

(3) If the court is dissolved before the receipt of such reply, or if the court omits to comply with the provisions of this section, the convening officer may, at his discretion, annul the proceedings and order a fresh trial.

98. (1) When any person subject to this Act has been convicted by a Security Force Court of any offence, such Security Force Court may inquire into, and receive, and record evidence of any previous convictions of such person, either by a Security Force Court or by a criminal court, or any previous award of punishment under section 53 or 55, and may further inquire into and record the general character of such person and such other matters as may be prescribed.

Evidence  
of pre-  
vious con-  
victions  
and gene-  
ral cha-  
racter.

(2) Evidence received under this section may be either oral, or in the shape of entries in, or certified extracts from, books of Security Force Courts or other official records; and it shall not be necessary to give notice before trial to the person tried that evidence as to his previous convictions or character will be received.

(3) At a Summary Security Force Court, the officer holding the trial may, if he thinks fit, record any previous convictions against the offender, his general character, and such other matters as may

be prescribed, as of his own knowledge, instead of requiring them to be proved under the foregoing provisions of this section.

Lunacy of accused.

99. (1) Whenever, in the course of a trial by a Security Force Court, it appears to the court that the person charged is by reason of unsoundness of mind incapable of making his defence, or that he committed the act alleged but was by reason of unsoundness of mind incapable of knowing the nature of the act or knowing that it was wrong or contrary to law, the court shall record a finding accordingly.

(2) The presiding officer of the court, or, in the case of a Summary Security Force Court, the officer holding the trial, shall forthwith report the case to the confirming officer, or to the authority empowered to deal with its finding under section 115, as the case may be.

(3) The confirming officer to whom the case is reported under sub-section (2) may, if he does not confirm the finding, take steps to have the accused person tried by the same or another Security Force Court for the offence with which he was charged.

(4) The authority to whom the finding of a Summary Security Force Court is reported under sub-section (2), and a confirming officer confirming the finding in any case so reported to him shall order the accused person to be kept in custody in the prescribed manner and shall report the case for the orders of the Central Government.

(5) On receipt of a report under sub-section (4), the Central Government may order the accused person to be detained in a lunatic asylum or other suitable place of safe custody.

Subsequent fitness of lunatic accused for trial.

100. Where any accused person, having been found by reason of unsoundness of mind to be incapable of making his defence, is in custody or under detention under section 99, any officer prescribed in this behalf, may—

(a) if such person is in custody under sub-section (4) of section 99, on the report of a medical officer that he is capable of making his defence, or

(b) if such person is detained in a jail under sub-section (5) of section 99, on a certificate of the Inspector-General of Prisons, and if such person is detained in a lunatic asylum under the said sub-section, on a certificate of any two or more of the visitors of such asylum and if he is detained in any other place under that sub-section, on a certificate of the prescribed authority, that he is capable of making his defence, take steps to have

such person tried by the same or another Security Force Court for the offence with which he was originally charged or, if the offence is a civil offence, by a criminal court.

101. A copy of every order made by an officer under section 100 for the trial of the accused shall forthwith be sent to the Central Government.

Transmis-  
sion to  
Central  
Govern-  
ment of  
orders  
under  
section  
100.

102. Where any person is in custody under sub-section (4) of section 99 or under detention under sub-section (5) of that section,—

Release of  
lunatic  
accused.

(a) if such person is in custody under the said sub-section (4), on the report of a medical officer, or

(b) if such person is detained under the said sub-section (5), on a certificate from any of the authorities mentioned in clause (b) of section 100 that in the judgment of such officer or authority such person may be released without danger of his doing injury to himself or to any other person,

the Central Government may order that such person be released or detained in custody, or transferred to a public lunatic asylum if he has not already been sent to such an asylum.

103. Where any relative or friend of any person who is in custody under sub-section (4) of section 99 or under detention under sub-section (5) of that section desires that he should be delivered to his care and custody, the Central Government may, upon application by such relative or friend and, on his giving security to the satisfaction of that Government that the person delivered shall be properly taken care of, and, prevented from doing injury to himself or to any other person, and be produced for the inspection of such officer, and at such times and places, as the Central Government may direct, order such person to be delivered to such relative or friend.

Delivery  
of lunatic  
accused to  
relatives.

104. When any property regarding which any offence appears to have been committed, or which appears to have been used for the commission of any offence, is produced before a Security Force Court during a trial, the court may make such order as it thinks fit for the proper custody of such property pending the conclusion of the trial, and if the property is subject to speedy or natural decay may, after recording such evidence as it thinks necessary, order it to be sold or otherwise disposed of.

Order  
for cus-  
tody and  
disposal  
of pro-  
perty  
pending  
trial.

Order for disposal of property regarding which offence is committed.

**105.** (1) After the conclusion of a trial before any Security Force Court, the court or the officer confirming the finding or sentence of such Security Force Court, or any authority superior to such officer, or, in the case of a Summary Security Force Court whose finding or sentence does not require confirmation, an officer not below the rank of Deputy Inspector-General within whose command the trial was held, may make such order as it or he thinks fit for the disposal by destruction, confiscation, delivery to any person claiming to be entitled to possession thereof, or otherwise, of any property or document produced before the court or in its custody, or regarding which any offence appears to have been committed or which has been used for the commission of any offence.

(2) Where any order has been made under sub-section (1) in respect of property regarding which an offence appears to have been committed, a copy of such order signed and certified by the authority making the same may, whether the trial was held within India or not, be sent to a magistrate within whose jurisdiction such property for the time being is situated, and such magistrate shall thereupon cause the order to be carried into effect as if it were an order passed by him under the provisions of the Code of Criminal Procedure, 1898.

5 of 1898.

(3) In this section, the term "property" includes, in the case of property regarding which an offence appears to have been committed, not only such property as has been originally in the possession or under the control of any person, but also any property into or for which the same may have been converted or exchanged, and anything acquired by such conversion or exchange whether immediately or otherwise.

Powers of Security Force Court in relation to proceedings under this Act.

**106.** Any trial by a Security Force Court under the provisions of this Act shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code and the Security Force Court shall be deemed to be a court within the meaning of sections 480 and 482 of the Code of Criminal Procedure, 1898.

45 of 1860.

5 of 1898.

## CHAPTER VIII

### CONFIRMATION AND REVISION

Finding and sentence not valid, unless confirmed.

**107.** No finding or sentence of a General Security Force Court or a Petty Security Force Court shall be valid except so far as it may be confirmed as provided by this Act.

108. The findings and sentences of General Security Force Courts may be confirmed by the Central Government or by any officer empowered in this behalf by warrant of the Central Government.

Power to confirm finding and sentence of General Security Force Court.

109. The findings and sentences of Petty Security Force Courts may be confirmed by an officer having power to convene a General Security Force Court or by any officer empowered in this behalf by warrant of such officer.

Power to confirm finding and sentence of Petty Security Force Court.

110. A warrant issued under section 108 or section 109 may contain such restrictions, reservations or conditions as the authority issuing it may think fit.

Limitation of powers of confirming authority.

111. (1) Subject to such restrictions, reservations or conditions, as may be contained in any warrant issued under section 108 or section 109, a confirming authority may, when confirming the sentence of a Security Force Court, mitigate or remit the punishment thereby awarded, or commute that punishment for any punishment or punishments lower in the scale laid down in section 48.

Power of confirming authority to mitigate, remit or commute sentences.

112. When any person subject to this Act is tried and sentenced by a Security Force Court while on board a ship, the finding and sentence so far as not confirmed and executed on board the ship, may be confirmed and executed in like manner as if such person had been tried at the port of disembarkation.

Confirming of findings and sentences on board a ship.

113. (1) Any finding or sentence of a Security Force Court which requires confirmation may be once revised by order of the confirming authority and on such revision, the court, if so directed by the confirming authority, may take additional evidence.

Revision of finding or sentence.

(2) The court, on revision, shall consist of the same officers as were present when the original decision was passed, unless any of those officers are unavoidably absent.

(3) In case of such unavoidable absence the cause thereof shall be duly certified in the proceedings, and the court shall proceed with

the revision, provided that, if a General Security Force Court, it still consists of five officers, or, if a Petty Security Force Court, of three officers.

Finding and sentence of a Summary Security Force Court.

114. (1) Save as otherwise provided in sub-section (2), the finding and sentence of a Summary Security Force Court shall not require to be confirmed, but may be carried out forthwith.

(2) If the officer holding the trial is of the rank of Superintendent of Police or of a rank declared under clause (a) of sub-section (5) of section 74 as equivalent thereto or of a lower rank and has held such rank for less than five years, he shall not, except on active duty, carry into effect any sentence, until it has received the approval of an officer not below the rank of Deputy Inspector-General.

Transmission of proceedings of Summary Security Force Courts.

115. The proceedings of every Summary Security Force Court shall, without delay, be forwarded to the officer not below the rank of Deputy Inspector-General within whose command the trial was held, or to the prescribed officer, and such officer, or the Director-General or any officer empowered by him in this behalf may, for reasons based on the merits of the case, but not on merely technical grounds, set aside the proceedings, or reduce the sentence to any other sentence which the court might have passed.

Alteration of finding or sentence in certain cases.

116. (1) Where a finding of guilty by a Security Force Court, which has been confirmed or which does not require confirmation, is found for any reason to be invalid or cannot be supported by the evidence, the authority which would have had power under section 128 to commute the punishment awarded by the sentence, if the finding had been valid may substitute a new finding and pass a sentence for the offence specified or involved in such finding:

Provided that no such substitution shall be made unless such finding could have been validly made by the Security Force Court on the charge and unless it appears that the Security Force Court must have been satisfied of the facts establishing the said offence.

(2) Where a sentence passed by a Security Force Court which has been confirmed, or which does not require confirmation, not being a sentence passed in pursuance of a new finding substituted under sub-section (1), is found for any reason to be invalid, the authority referred to in sub-section (1) may pass a valid sentence.

(3) The punishment awarded by a sentence passed under sub-section (1) or sub-section (2) shall not be higher in the scale of punishments than, or in excess of, the punishment awarded by, the sentence for which a new sentence is substituted under this section.

(4) Any finding substituted, or any sentence passed, under this section shall, for the purposes of this Act and the rules, have effect as if it were a finding or sentence, as the case may be, of a Security Force Court.

117. (1) Any person subject to this Act who considers himself aggrieved by any order passed by any Security Force Court may present a petition to the officer or authority empowered to confirm any finding or sentence of such Security Force Court, and the confirming authority may take such steps as may be considered necessary to satisfy itself as to the correctness, legality or propriety of the order passed or as to the regularity of any proceeding to which the order relates.

Remedy against order, finding or sentence of Security Force Courts.

(2) Any person subject to this Act who considers himself aggrieved by a finding or sentence of any Security Force Court which has been confirmed, may present a petition to the Central Government, the Director-General, or any prescribed officer superior in command to the one who confirmed such finding or sentence, and the Central Government, the Director-General, or the prescribed officer, as the case may be, may pass such order thereon as it or he thinks fit.

118. The Central Government, the Director-General, or any prescribed officer may annul the proceedings of any Security Force Court on the ground that they are illegal or unjust.

Annulment of proceedings.

## CHAPTER IX

### EXECUTION OF SENTENCE, PARDONS, REMISSIONS, ETC.

119. In awarding a sentence of death, a Security Force Court shall, in its discretion direct that the offender shall suffer death by being hanged by the neck until he be dead, or shall suffer death by being shot to death.

Form of sentence of death.

120. Whenever any person is sentenced by a Security Force Court under this Act to imprisonment, the term of his sentence shall, whether it has been revised or not, be reckoned to commence on the day on which the original proceedings were signed by the presiding officer, or in the case of a Summary Security Force Court, by the court.

Commencement of sentence of imprisonment.

Execution of sentence of imprisonment.

121. (1) Whenever any sentence of imprisonment is passed under this Act by a Security Force Court or whenever any sentence of death is commuted to imprisonment, the confirming officer or in case of a Summary Security Force Court the officer holding the court or such other officer as may be prescribed shall, save as otherwise provided in sub-sections (3) and (4) direct that the sentence shall be carried out by confinement in a civil prison.

(2) When a direction has been made under sub-section (1) the Commandant of the person under sentence or such other officer as may be prescribed shall forward a warrant in the prescribed form to the officer in charge of the prison in which such person is to be confined and shall arrange for his despatch to such prison with the warrant.

(3) In the case of a sentence of imprisonment for a period not exceeding three months and passed under this Act by a Security Force Court, the appropriate officer under sub-section (1) may direct that the sentence shall be carried out by confinement in Force custody instead of in a civil prison.

(4) On active duty, a sentence of imprisonment may be carried out by confinement in such place as the Deputy Inspector-General within whose command the person sentenced is serving or any prescribed officer, may from time to time appoint.

Temporary custody of offender.

122. Where a sentence of imprisonment is directed to be undergone in a civil prison the offender may be kept in Force custody or in any other fit place, till such time as it is possible to send him to a civil prison.

Execution of sentence of imprisonment in special cases.

123. Whenever, in the opinion of an officer not below the rank of Deputy Inspector-General within whose command the trial is held, any sentence or portion of a sentence of imprisonment cannot for special reasons, conveniently be carried out in Force custody in accordance with the provisions of section 121, such officer may direct that such sentence or portion of sentence shall be carried out by confinement in any civil prison or other fit place.

Conveyance of prisoner from place to place.

124. A person under sentence of imprisonment may during his conveyance from place to place, or when on board ship, aircraft, or otherwise, be subjected to such restraint as is necessary for his safe conduct and removal.



125. Whenever an order is duly made under this Act setting aside or varying any sentence, order or warrant under which any person is confined in a civil prison, a warrant in accordance with such order shall be forwarded by the officer making the order or his staff officer or such other person as may be prescribed, to the officer in charge of the prison in which such person is confined.

Communi-  
cation of  
certain  
orders to  
prison  
officers.

126. When a sentence of fine is imposed by a Security Force Court under section 46, a copy of such sentence signed and certified by the confirming officer, or where no confirmation is required, by the officer holding the trial may be sent to any magistrate in India, and such magistrate shall thereupon cause the fine to be recovered in accordance with the provisions of the Code of Criminal Procedure, 1898, as if it were a sentence of fine imposed by such magistrate.

Execution  
of sen-  
tence of  
fine.

5 of 1898.

127. Whenever any person is sentenced to imprisonment under this Act, and is undergoing the sentence in any place or manner in which he might be confined under a lawful order or warrant in pursuance of this Act, the confinement of such person shall not be deemed to be illegal only by reason of informality or error in, or as respects, the order, warrant or other document, or the authority by which, or in pursuance whereof such person was brought into, or, is confined in any such place, and any such order, warrant or document may be amended accordingly.

Informa-  
lity or  
error in  
the order  
or  
warrant.

128. When any person subject to this Act has been convicted by a Security Force Court of any offence, the Central Government or the Director-General or, in the case of a sentence, which he could have confirmed or which did not require confirmation, an officer not below the rank of Deputy Inspector-General within whose command such person at the time of conviction was serving, or the prescribed officer may,—

Pardon  
and re-  
mission.

(a) either with or without conditions which the person sentenced accepts, pardon the person or remit the whole or any part of the punishment awarded; or

(b) mitigate the punishment awarded; or

(c) commute such punishment for any less punishment or punishments mentioned in this Act;

(d) either with or without conditions which the person sentenced accepts, release the the person on parole.

Cancellation of conditional pardon, release on parole or remission.

**129. (1)** If any condition on which a person has been pardoned or released on parole or a punishment has been remitted is, in the opinion of the authority which granted the pardon, release or remission, not fulfilled, such authority may cancel the pardon, release or remission, and thereupon the sentence of the court shall be carried into effect as if such pardon, release or remission had not been granted.

(2) A person whose sentence of imprisonment is carried into effect under the provisions of sub-section (1) shall undergo only the unexpired portion of his sentence.

Suspension of sentence of imprisonment.

**130. (1)** Where a person subject to this Act is sentenced by a Security Force Court to imprisonment, the Central Government, the Director-General or any officer empowered to convene a General Security Force Court may suspend the sentence whether or not the offender has already been committed to prison or to Force custody.

(2) The authority or officer specified in sub-section (1) may, in the case of an offender so sentenced direct that until the orders of such authority or officer have been obtained, the offender shall not be committed to prison or to Force custody.

(3) The powers conferred by sub-sections (1) and (2) may be exercised in the case of any such sentence which has been confirmed, reduced or commuted.

Orders pending suspension.

**131. (1)** Where the sentence referred to in section 130 is imposed by a Security Force Court other than a Summary Security Force Court, the confirming officer may, when confirming the sentence, direct that the offender be not committed to prison or to Force custody until the orders of the authority or officer specified in section 130, have been obtained.

(2) Where a sentence of imprisonment is imposed by a Summary Security Force Court, the officer holding the trial or the officer authorised to approve of the sentence under sub-section (2) of section 114 may make the direction referred to in sub-section (1).

Release on suspension.

**132.** Where a sentence is suspended under section 130, the offender shall forthwith be released from custody.

Computation of period of suspension.

**133.** Any period during which the sentence is under suspension shall be reckoned as part of the term of such sentence.

134. The authority or officer specified in section 130 may, at any time while a sentence is suspended, order—

Order after suspension.

(a) that the offender be committed to undergo the unexpired portion of the sentence; or

(b) that the sentence be remitted.

135. (1) Where a sentence has been suspended, the case may at any time, and shall at intervals of not more than four months, be reconsidered by the authority or officer specified in section 130, or by any officer not below the rank of a Deputy Inspector-General duly authorised by the authority or officer specified in section 130.

Reconsideration of case after suspension.

(2) Where on such reconsideration by the officer so authorised it appears to him that the conduct of offender since his conviction has been such as to justify a remission of the sentence, he shall refer the matter to the authority or officer specified in section 130.

136. Where an offender, while a sentence on him is suspended under this Act, is sentenced for any other offence, then—

Fresh sentence after suspension.

(a) if the further sentence is also suspended under this Act, the two sentences shall run concurrently;

(b) if the further sentence is for a period of three months or more and is not suspended under this Act, the offender shall also be committed to prison or Force custody for the unexpired portion of the previous sentence, but both sentences shall run concurrently; and

(c) if the further sentence is for a period of less than three months and is not suspended under this Act, the offender shall be so committed on that sentence only, and the previous sentence shall, subject to any order which may be passed under section 134 or section 135 continue to be suspended.

137. The powers conferred by sections 130 and 134 shall be in addition to, and not in derogation of, the power of mitigation, remission and commutation.

Scope of power of suspension.

138. (1) Where in addition to any other sentence the punishment of dismissal has been awarded by a Security Force Court, and such other sentence is suspended under section 130, then, such dismissal shall not take effect until so ordered by the authority or officer specified in section 130.

Effect of suspension and remission on dismissal.

(2) If such other sentence is remitted under section 134, the punishment of dismissal shall also be remitted.

## CHAPTER X

## MISCELLANEOUS

Powers and duties conferable and imposeable on members of the Force.

34 of 1920.  
16 of 1939.  
1 of 1944.  
31 of 1946.  
7 of 1947.  
52 of 1962.  
15 of 1967.

139. (1) The Central Government may, by general or special order published in the Official Gazette direct that, subject to such conditions and limitations, and within the local limits of such area adjoining the borders of India, as may be specified in the order, any member of the Force may,—

(i) for the purpose of prevention of any offence punishable under the Passport (Entry into India) Act, 1920, the Registration of Foreigners Act, 1939, the Central Excises and Salt Act, 1944, the Foreigners Act, 1946, the Foreign Exchange Regulation Act, 1947, the Customs Act, 1962 or the Passports Act, 1967 or of any cognizable offence punishable under any other Central Act; or

(ii) for the purpose of apprehending any person who has committed any offence referred to in clause (i),

exercise or discharge such of the powers or duties under that Act or any other Central Act as may be specified in the said order, being the powers and duties which, in the opinion of the Central Government, an officer of the corresponding or lower rank is by that or such other Act empowered to exercise or discharge for the said purposes.

(2) The Central Government may, by general or special order published in the Official Gazette, confer or impose, with the concurrence of the State Government concerned, any of the powers or duties which may be exercised or discharged under a State Act by a police officer upon a member of the Force who, in the opinion of the Central Government, holds a corresponding or higher rank.

(3) Every order 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 successive sessions and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the order or both Houses agree that the order should not be made, the 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 order.

140. (1) In any suit or proceeding against any member of the Force for any act done by him in pursuance of a warrant or order of a competent authority, it shall be lawful for him to plead that such act was done by him under the authority of such warrant or order.

Protection  
for  
acts of  
members  
of the  
Force.

(2) Any such plea may be proved by the production of the warrant or order directing the act, and if it is so proved the member of the Force shall thereupon be discharged from liability in respect of the act so done by him, notwithstanding any defect in the jurisdiction of the authority which issued such warrant or order.

(3) Notwithstanding anything contained in any other law for the time being in force, any legal proceeding (whether civil or criminal) which may lawfully be brought against any member of the Force for anything done or intended to be done under the powers conferred by, or in pursuance of, any provision of this Act or the rules, shall be commenced within three months after the act complained of was committed and not otherwise, and notice in writing of such proceeding and of the cause thereof shall be given to the defendant or his superior officer at least one month before the commencement of such proceeding.

141. (1) The Central Government may, by notification, make rules for the purpose of carrying into effect the provisions of this Act.

Power  
to make  
rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for,—

(a) the constitution governance, command and discipline of the Force;

(b) the enrolment of persons to the Force and the recruitment of other members of the Force;

(c) the conditions of service (including deductions from pay and allowances) of members of the Force;

(d) the rank, precedence, powers of command and authority of the officers, subordinate officers, under-officers and other persons subject to this Act;

(e) the removal, retirement, release or discharge from the service of persons subject to this Act;

(f) the purposes and other matters required to be prescribed under section 13;

(g) the convening, constitution, adjournment, dissolution and sittings of Security Force Courts, the procedure to be observed in trials by such courts, the persons by whom an accused may be defended in such trial and the appearance of such persons thereat;

(h) the confirmation, revision and annulment of, and petitions against, the findings and sentences of Security Force Courts;

(i) the forms or orders to be made under the provisions of this Act relating to Security Force Courts and the awards and infliction of death, imprisonment and detention;

(j) the carrying into effect of sentences of Security Force Courts;

(k) any matter necessary for the purpose of carrying this Act into execution, as far as it relates to the investigation, arrest, custody, trial and punishment of offences triable or punishable under this Act;

(l) the ceremonials to be observed and marks of respect to be paid in the Force;

(m) the convening of, the constitution, procedure and practice of, courts of inquiry, the summoning of witnesses before them and the administration of oaths by such Courts;

(n) the recruitment and conditions of service of the Chief Law Officer and the Law Officers;

(o) any other matter which is to be, or may be prescribed or in respect of which this Act makes no provision or makes insufficient provision and provision is, in the opinion of the Central Government, necessary for the proper implementation of this Act.

(3) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions and if, before the expiry of the session in which it is so laid or the session immediately following, 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.

142. (1) The Border Security Force in existence at the commencement of this Act shall be deemed to be the Force constituted under this Act.

(2) Members of the Border Security Force in existence at the commencement of this Act shall be deemed to have been appointed or as the case may be, enrolled as such under this Act.

Provi-  
sions  
as to  
existing  
Border  
Security  
Force.

(3) Anything done or any action taken before the commencement of this Act in relation to the constitution of the Border Security Force referred to in sub-section (1), in relation to any person appointed or enrolled, as the case may be, thereto, shall be as valid and as effective in law as if such thing or action was done or taken under this Act:

Provided that nothing in this sub-section shall render any person guilty of any offence in respect of anything done or omitted to be done by him before the commencement of this Act.

Rep. by Act..... 56 of 1974, s. 2 + sch. I

THE PUNJAB STATE LEGISLATURE (DELEGATION OF POWERS) ACT, 1968

No. 48 OF 1968

[6th September, 1968]

An Act to confer on the President the power of the Legislature of the State of Punjab to make laws.

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

Short title.

1. This Act may be called the Punjab State Legislature (Delegation of Powers) Act, 1968.

Definition.

2. In this Act, "Proclamation" means the Proclamation issued on the 23rd day of August, 1968, under article 356 of the Constitution, by the President and published with the notification of the Government of India in the Ministry of Home Affairs No. G.S.R. 1548 of the said date.

Conferment on the President of the power of the State Legislature to make laws.

3. (1) The power of the Legislature of the State of Punjab to make laws, which has been declared by the Proclamation to be exercisable by or under the authority of Parliament, is hereby conferred on the President.

(2) In the exercise of the said power, the President may, from time to time, whether Parliament is or is not in session, enact as a President's Act a Bill containing such provisions as he considers necessary:

Provided that before enacting any such Act, the President shall, whenever he considers it practicable to do so, consult a Committee constituted for the purpose, consisting of—

(a) thirty members of the House of the People nominated by the Speaker among whom shall be included all members who for the time being fill the seats allotted to the State of Punjab in that House; and



[Act 48 of 1968] Punjab State Legislature (Delegation of Powers) 403

(b) fifteen members of the Council of States nominated by the Chairman among whom shall be included all members who for the time being fill the seats allotted to the State of Punjab in that House.

(3) Every Act enacted by the President under sub-section (2) shall, as soon as may be after enactment, be laid before each House of Parliament.

(4) Either House of Parliament may, by resolution passed within thirty days from the date on which the Act has been laid before it under sub-section (3), which period may be comprised in one session or in two successive sessions, direct any modifications to be made in the Act and if the modifications are agreed to by the other House of Parliament during the session in which the Act has been so laid before it or the session succeeding, such modifications shall be given effect to by the President by enacting an amending Act under sub-section (2):

Provided that nothing in this sub-section shall affect the validity of the Act or of any action taken thereunder before it is so amended.

THE DELHI AND AJMER RENT CONTROL (NASIRABAD CANTONMENT REPEAL) ACT, 1968

No. 49 OF 1968

[30th November, 1968]

An Act to repeal the Delhi and Ajmer Rent Control Act, 1952 as in force in the Cantonment of Nasirabad.

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

Short title.

1. This Act may be called the Delhi and Ajmer Rent Control (Nasirabad Cantonment Repeal) Act, 1968.

Repeal of Delhi and Ajmer Rent Control Act, 1952, in its application to the Cantonment of Nasirabad

2. The Delhi and Ajmer Rent Control Act, 1952, as in force in the Cantonment of Nasirabad, shall stand repealed on the date on which the Rajasthan Premises (Control of Rent and Eviction) Act, 1950 is extended to that cantonment by notification under section 3 of the Cantonments (Extension of Rent Control Laws) Act, 1957.

38 of 1952  
Rajasthan Act XVII of 1950.

46 of 1957

Saving.

3. The repeal of the Delhi and Ajmer Rent Control Act, 1952, under section 2 shall not affect—

(a) the previous operation of the said Act or anything duly done or suffered thereunder; or

(b) any right, privilege, obligation or liability acquired, accrued or incurred under the said Act; or

(c) any penalty, forfeiture or punishment incurred in respect of any offence committed against the said Act; or

[ACT 49 OF 1968] *Delhi and Ajmer Rent Control (Nasirabad 405  
Cantonment Repeal)*

(d) any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid,

and any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if the said Act had not been repealed.



(ii) a corporation established by or under a Central, Provincial or State Act, which is controlled or managed by the Government;

(d) "Inspector-General" means the Inspector-General of the Force appointed under section 4;

(e) "Managing Director", in relation to an industrial undertaking, means the person (whether called a managing agent, general manager, manager, chief executive officer or by any other name) who exercises control over the affairs of that undertaking;

(f) "members of the Force" means a person appointed to the Force under this Act, other than a supervisory officer;

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

(h) "scheduled industry" means any industry engaged in the manufacture or production of the articles mentioned in the First Schedule to the Industries (Development and Regulation) Act, 1951;

65 of 1951.

(i) "supervisory officer" means any of the officers appointed under section 4 and includes any other officer appointed by the Central Government as a supervisory officer of the Force.

(2) Any reference in this Act to a law which is not in force in the State of Jammu and Kashmir shall, in relation to that State, be construed as a reference to the corresponding law, if any, in force in that State.

3. (1) There shall be constituted and maintained by the Central Government a Force to be called the Central Industrial Security Force for the better protection and security of industrial undertakings owned by that Government.

(2) The force shall be constituted in such manner, shall consist of such number of supervisory officers and members of the Force who shall receive such pay and other remuneration as may be prescribed.

4. (1) The Central Government may appoint a person to be the Inspector-General of the Force and may appoint other persons to be Deputy Inspector-General, Chief Security Officers or Security Officers of the Force.

Constitu-  
tion of the  
Force.

Appoint-  
ment and  
powers of  
super-  
visory  
officers.

(2) The Inspector-General and every other supervisory officer so appointed shall have, and may exercise, such powers and authority as is provided by or under this Act.

Appoint-  
ment of  
members  
of the  
Force.

5. The appointment of members of the Force shall rest with the Inspector-General who shall exercise that power in accordance with rules made under this Act:

Provided that the power of appointment under this section may also be exercised by such other supervisory officer as the Central Government may by order specify in this behalf.

Certifi-  
cates of  
members  
of the  
Force.

6. (1) Every member of the Force shall receive on his appointment a certificate in the form specified in the Schedule, under the seal of the Inspector-General or such other supervisory officer as the Inspector-General may specify in this behalf, by virtue of which the person holding such certificate shall be vested with the powers of a member of the Force.

(2) Such certificate shall cease to have effect whenever the person named in it ceases for any reason to be a member of the Force.

Superin-  
tendence  
and ad-  
ministra-  
tion of the  
Force.

7. (1) The superintendence of the Force shall vest in the Central Government, and subject thereto the administration of the Force shall vest in the Inspector-General and shall be carried on by him in accordance with the provisions of this Act and of any rules made thereunder.

(2) Subject to the provisions of sub-section (1), the administration of the Force within such local limits as may be prescribed shall be carried on by a Deputy Inspector-General, Chief Security Officer or Security Officer in accordance with the provisions of this Act and of any rules made thereunder and every supervisory officer placed in charge of the protection and security of an industrial undertaking shall, subject to any directions that may be given by the Central Government in this behalf, discharge his functions under the general supervision, direction and control of the Managing Director of that undertaking.

Dismissal,  
removal,  
etc., of  
members  
of the  
Force.

8. Subject to the provisions of article 311 of the Constitution and to such rules as the Central Government may make under this Act, any supervisory officer may—

(i) dismiss, suspend or reduce in rank any member of the Force whom he thinks remiss or negligent in the discharge of his duty, or unfit for the same; or

(ii) award any one or more of the following punishments to any member of the Force who discharges his duty in a careless or negligent manner, or who by any act of his own renders himself unfit for the discharge thereof, namely:—

(a) fine to any amount not exceeding seven days' pay or reduction in pay scale;

(b) drill, extra guard, fatigue or other duty;

(c) removal from any office of distinction or deprivation of any special emolument.

9. (1) Any member of the Force aggrieved by an order made under section 8 may, within thirty days from the date on which the order is communicated to him, prefer an appeal against the order to such authority as may be prescribed, and subject to the provisions of sub-section (3), the decision of the said authority thereon shall be final: Appeal  
and  
revision.

Provided that the prescribed authority may entertain the appeal after the expiry of the said period of thirty days, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

(2) In disposing of an appeal, the prescribed authority shall follow such procedure as may be prescribed.

(3) The Central Government may call for and examine the record of any proceeding under section 8 or under sub-section (2) of this section and may make such inquiry or cause such inquiry to be made and subject to the provisions of this Act, may pass such order thereon as it thinks fit:

Provided that no order imposing an enhanced penalty under sub-section (2) or sub-section (3) shall be made unless a reasonable opportunity of being heard has been given to the person affected by such order.

10. It shall be the duty of every supervisory officer and member of the Force— Duties  
of mem-  
bers of  
the Force.

(a) promptly to obey and execute all orders lawfully issued to him by his superior authority;

(b) to protect and safeguard the industrial undertakings owned by the Central Government together with such other installations as are specified by that Government to be vital for the carrying on of work in those undertakings, situate within the local limits of his jurisdiction:

Provided that before any installation not owned or controlled by the Central Government is so specified, the Central Government shall obtain the consent of the Government of the State in which such installation is situate;

(c) to protect and safeguard such other industrial undertakings and installations for the protection and security of which he is deputed under section 14;

(d) to do any other act conducive to the better protection and security of the industrial undertakings referred to in clauses (b) and (c).

Power  
to arrest  
without  
warrant.

11. (1) Any supervisory officer or member of the Force may, without any order from a Magistrate and without a warrant, arrest any person who has been concerned in, or against whom a reasonable suspicion exists of his having been concerned in, or who is found taking precautions to conceal his presence under circumstances which afford reason to believe that he is taking such precautions with a view to committing, a cognizable offence relating to,—

(i) the property belonging to any industrial undertaking,  
or

(ii) the other installations,

referred to in clauses (b) and (c) of section 10.

(2) If any person is found trespassing on the premises of any industrial undertaking referred to in clauses (b) and (c) of section 10, he may, without prejudice to any other proceedings which may be taken against him, be removed from such premises by any supervisory officer or member of the Force.

Power to  
search  
without  
warrant.

12. (1) Whenever any supervisory officer, or any member of the Force, not below the prescribed rank, has reason to believe that any such offence as is referred to in section 11 has been or is being committed and that a search warrant cannot be obtained without affording the offender an opportunity of escaping or of concealing evidence of the offence, he may detain the offender and search his person and belongings forthwith and, if he thinks proper, arrest any person whom he has reason to believe to have committed the offence.

(2) The provisions of the Code of Criminal Procedure, 1898, relating to searches under that Code shall, so far as may be, apply to searches under this section.



13. Any supervisory officer or member of the Force making an arrest under this Act, shall, without unnecessary delay, make over the person so arrested to a police officer, or, in the absence of a police officer, take such person or cause him to be taken to the nearest police station together with a report of the circumstances occasioning the arrest.

Procedure to be followed after arrest.

14. (1) Subject to any general directions which may be issued by the Central Government, it shall be lawful for the Inspector-General, on a request received in this behalf from the Managing Director concerned of an industrial undertaking in public sector, showing the necessity thereof, to depute such number of supervisory officers and members of the Force as the Inspector-General may consider necessary for the protection and security of that industrial undertaking and any installations attached thereto and the officers and members of the Force so deputed shall be at the charge of the Managing Director:

Deputation of the Force to industrial undertakings in public sector.

Provided that in the case of an undertaking owned, controlled or managed,—

(i) by a Government company of which the Central Government is not a member;

(ii) by a corporation established by or under a Provincial or State Act,

no such request shall be entertained unless it is made with the consent of the Government of the State in which the undertaking is situate.

(2) If the Inspector-General is of the opinion that circumstances necessitating the deputation of the officers and members of the Force in relation to an industrial undertaking under sub-section (1) have ceased to exist, or for any other reason it is necessary so to do, he may, after informing the Managing Director of that industrial undertaking, withdraw the officers and members of the Force so deputed:

Provided that the Managing Director may, on giving one month's notice in writing to the Inspector-General, require that the officers and members of the Force so deputed shall be withdrawn, and the Managing Director shall be relieved from the charge from the date of expiration of such notice or from any earlier date on which the Force is so withdrawn,

(3) Every officer and member of the Force, while discharging his functions during the period of deputation, shall continue to exercise the same powers and be subject to the same responsibilities, discipline and penalties as would have been applicable to him under this Act, if he had been discharging those functions in relation to an industrial undertaking owned by the Central Government.

Officers and members of the Force to be considered always on duty and liable to be employed anywhere in India.

15. (1) Every supervisory officer and member of the Force shall, for the purpose of this Act, be considered to be always on duty, and shall, at any time, be liable to be employed at any place within India.

(2) Save as provided in section 14, no supervisory officer or member of the force shall engage himself in any employment or office other than his duties under this Act.

Responsibilities of members of the Force during suspension.

16. A member of the Force shall not by reason of his suspension from office cease to be a member of the Force; and he shall, during that period, be subject to the same responsibilities, discipline and penalties to which he would have been subject if he were on duty.

Surrender of certificate, arms, etc., by persons ceasing to be members of the Force.

17. (1) Every person who for any reason ceases to be a member of the Force, shall forthwith surrender to any supervisory officer empowered to receive the same, his certificate of appointment, the arms, accoutrements, clothing and other articles which have been furnished to him for the performance of duties as a member of the Force.

(2) Any person who wilfully neglects or refuses to surrender his certificate of appointment or the arms, accoutrements, clothing and other articles furnished to him, as required by sub-section (1), shall, on conviction, be punished with imprisonment for a term which may extend to one month, or with fine which may extend to two hundred rupees, or with both.

(3) Nothing in this section shall be deemed to apply to any article which, under the orders of the Inspector-General, has become the property of the person to whom the same was furnished.

18. (1) Without prejudice to the provisions contained in section 8, every member of the Force who shall be guilty of any violation of duty or wilful breach or neglect of any rule or regulation or lawful order made by a supervisory officer, or who shall withdraw from the duties of his office without permission, or who, being absent on leave, fails, without reasonable cause, to report himself for duty on the expiration of the leave, or who engages himself without authority in any employment other than his duty as a member of the Force, or who shall be guilty of cowardice, shall, on conviction, be punished with imprisonment for a term which may extend to six months.

Penalties for neglect of duty, etc.

5 of 1893.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1898, an offence punishable under this section shall be cognizable.

(3) Nothing contained in this section shall be construed to prevent any member of the Force from being prosecuted under any other law for any offence made punishable by that law, or for being liable under any such law to any other or higher penalty or punishment than is provided for such offence by this section:

Provided that no person shall be punished twice for the same offence.

19. The Police (Incitement to Disaffection) Act, 1922, shall apply to supervisory officers and members of the Force as it applies to members of a police force.

Application of Act 22 of 1922 to officers and members of the Force.

4 of 1936.  
14 of 1947.  
68 of 1952.  
63 of 1948

20. Nothing contained in the Payment of Wages Act, 1936, or the Industrial Disputes Act, 1947, or the Factories Act, 1948, or any corresponding law relating to investigation and settlement of industrial disputes in force in a State shall apply to members of the Force.

Certain Acts not to apply to members of the Force.

21. (1) In any suit or proceeding against any supervisory officer or member of the Force for any act done by him in the discharge of his duties, it shall be lawful for him to plead that such act was done by him under the orders of a competent authority.

Protection of acts of officers and members of the Force.

(2) Any such plea may be proved by the production of the order directing the act, and if it is so proved, the supervisory officer or member of the Force shall thereupon be discharged from any liability in respect of the act so done by him, notwithstanding any defect in the jurisdiction of the authority which issued such order.

(3) Notwithstanding anything contained in any other law for the time being in force, any legal proceeding, whether civil or criminal, which may lawfully be brought against any supervisory officer or member of the Force for anything done or intended to be done under the powers conferred by, or in pursuance of, any provision of this Act or the rules thereunder shall be commenced within three months after the act complained of shall have been committed and not otherwise; and notice in writing of such proceeding and of the cause thereof shall be given to the person concerned and his supervisory officer at least one month before the commencement of such proceeding.

Power  
to make  
rules.

22. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for—

(a) regulating the classes, ranks, grades, pay and remuneration of supervisory officers and members of the Force and their conditions of service in the Force;

(b) regulating the powers and duties of supervisory officers and members of the Force authorised to exercise any functions by or under this Act;

(c) fixing the period of service for supervisory officers and members of the Force;

(d) prescribing the description and quantity of arms, accoutrements, clothing and other necessary articles to be furnished to the members of the Force;

(e) prescribing the places of residence of members of the Force;

(f) institution, management and regulation of any fund for any purpose connected with the administration of the Force;

(g) regulating the punishments and prescribing authorities to whom appeals shall be preferred from orders of punishment, or remission of fines or other punishments, and the procedure to be followed for the disposal of such appeals;

(h) the terms and conditions subject to which supervisory officers and members of the Force may be deputed under section 14 and the charges therefor; and

(i) any other matter which has to be, or may be, prescribed.

(3) 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 successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, 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.

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#### THE SCHEDULE

(See section 6)

A.B. has been appointed a member of the Central Industrial Security Force under the Central Industrial Security Force Act, 1968, and is vested with the powers, functions and privileges of a member of the Force.

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## THE JUDGES (INQUIRY) ACT, 1968

No. 51 OF 1968

[5th December, 1968]

An Act to regulate the procedure for the investigation and proof of the misbehaviour or incapacity of a Judge of the Supreme Court or of a High Court and for the presentation of an address by Parliament to the President and for matters connected therewith.

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

Short title  
and com-  
mencement.

1. (1) This Act may be called the Judges (Inquiry) Act, 1968.

(2) It shall come into force on such date<sup>1</sup> as the Central Government may, by notification in the Official Gazette, appoint.

Defi-  
nitions.

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

(a) "Chairman" means the Chairman of the Council of States;

(b) "Committee" means a Committee constituted under section 3;

(c) "Judge" means a Judge of the Supreme Court or of a High Court and includes the Chief Justice of India and the Chief Justice of a High Court;

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

(e) "Speaker" means the Speaker of the House of the People.

<sup>1</sup> 1-1-1969 *vide* G.S.R. 35, dated the 1st January, 1969, Gazette of India, 1969, Extraordinary Pt. II, Sec. 3(1), P. 5.

3. (1) If notice is given of a motion for presenting an address to the President praying for the removal of a Judge signed,—

Investigation into misbehaviour or incapacity of Judge by Committee.

(a) in the case of a notice given in the House of the People, by not less than one hundred members of that House;

(b) in the case of a notice given in the Council of States, by not less than fifty members of that Council;

then, the Speaker or, as the case may be, the Chairman may, after consulting such persons, if any, as he thinks fit and after considering such materials, if any, as may be available to him, either admit the motion or refuse to admit the same.

(2) If the motion referred to in sub-section (1) is admitted, the Speaker or, as the case may be, the Chairman shall keep the motion pending and constitute, as soon as may be, for the purpose of making an investigation into the grounds on which the removal of a Judge is prayed for, a Committee consisting of three members of whom—

(a) one shall be chosen from among the Chief Justice and other Judges of the Supreme Court;

(b) one shall be chosen from among the Chief Justices of the High Courts; and

(c) one shall be a person who is, in the opinion of the Speaker or, as the case may be, the Chairman, a distinguished jurist:

Provided that where notices of a motion referred to in sub-section (1) are given on the same day in both Houses of Parliament, no Committee shall be constituted unless the motion has been admitted in both Houses and where such motion has been admitted in both Houses, the Committee shall be constituted jointly by the Speaker and the Chairman:

Provided further that where notices of a motion as aforesaid are given in the Houses of Parliament on different dates, the notice which is given later shall stand rejected.

(3) The Committee shall frame definite charges against the Judge on the basis of which the investigation is proposed to be held.

(4) Such charges together with a statement of the grounds on which each such charge is based shall be communicated to the Judge and he shall be given a reasonable opportunity of presenting a

written statement of defence within such time as may be specified in this behalf by the Committee.

(5) Where it is alleged that the Judge is unable to discharge the duties of his office efficiently due to any physical or mental incapacity and the allegation is denied, the Committee may arrange for the medical examination of the Judge by such Medical Board as may be appointed for the purpose by the Speaker or, as the case may be, the Chairman or, where the Committee is constituted jointly by the Speaker and the Chairman, by both of them, for the purpose and the Judge shall submit himself to such medical examination within the time specified in this behalf by the Committee.

(6) The Medical Board shall undertake such medical examination of the Judge as may be considered necessary and submit a report to the Committee stating therein whether the incapacity is such as to render the Judge unfit to continue in office.

(7) If the Judge refuses to undergo medical examination considered necessary by the Medical Board, the Board shall submit a report to the Committee stating therein the examination which the Judge has refused to undergo, and the Committee may, on receipt of such report, presume that the Judge suffers from such physical or mental incapacity as is alleged in the motion referred to in sub-section (1).

(8) The Committee may, after considering the written statement of the Judge and the medical report, if any, amend the charges framed under sub-section (3) and in such a case, the Judge shall be given a reasonable opportunity of presenting a fresh written statement of defence.

(9) The Central Government may, if required by the Speaker or the Chairman, or both, as the case may be, appoint an advocate to conduct the case against the Judge.

Report  
of Com-  
mittee.

4. (1) Subject to any rules that may be made in this behalf, the Committee shall have power to regulate its own procedure in making the investigation and shall give a reasonable opportunity to the Judge of cross-examining witnesses, adducing evidence and of being heard in his defence.

(2) At the conclusion of the investigation, the Committee shall submit its report to the Speaker or, as the case may be, to the Chairman, or where the Committee has been constituted jointly by the Speaker and the Chairman, to both of them, stating therein its findings on each of the charges separately with such observations on the whole case as it thinks fit.



(3) The Speaker or the Chairman, or, where the Committee has been constituted jointly by the Speaker and the Chairman, both of them, shall cause the report submitted under sub-section (2) to be laid, as soon as may be, respectively before the House of the People and the Council of States.

5. For the purpose of making any investigation under this Act, the Committee shall have the powers of a civil court, while trying a suit, under the Code of Civil Procedure, 1908, in respect of the following matters, namely:—

5 of 1908.

Powers of Committee.

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on oath;

(d) issuing commissions for the examination of witnesses or documents;

(e) such other matters as may be prescribed.

6. (1) If the report of the Committee contains a finding that the Judge is not guilty of any misbehaviour or does not suffer from any incapacity, then, no further steps shall be taken in either House of Parliament in relation to the report and the motion pending in the House or the Houses of Parliament shall not be proceeded with.

Consideration of report and procedure for presentation of an address for removal of Judge.

(2) If the report of the Committee contains a finding that the Judge is guilty of any misbehaviour or suffers from any incapacity, then, the motion referred to in sub-section (1) of section 3 shall, together with the report of the Committee, be taken up for consideration by the House or the Houses of Parliament in which it is pending.

(3) If the motion is adopted by each House of Parliament in accordance with the provisions of clause (4) of article 124 or, as the case may be, in accordance with that clause read with article 218 of the Constitution, then, the misbehaviour or incapacity of the Judge shall be deemed to have been proved and an address praying for the removal of the Judge shall be presented in the prescribed manner to the President by each House of Parliament in the same session in which the motion has been adopted.

7. (1) There shall be constituted a Joint Committee of both Houses of Parliament in accordance with the provisions hereinafter contained for the purpose of making rules to carry out the purposes of this Act.

Power to make rules.

(2) The Joint Committee shall consist of fifteen members of whom ten shall be nominated by the Speaker and five shall be nominated by the Chairman.

(3) The Joint Committee shall elect its own Chairman and shall have power to regulate its own procedure.

(4) Without prejudice to the generality of the provisions of subsection (1), the Joint Committee may make rules to provide for the following among other matters, namely:—

(a) the manner of transmission of a motion adopted in one House to the other House of Parliament;

(b) the manner of presentation of an address to the President for the removal of a Judge;

(c) the travelling and other allowances payable to the members of the Committee and the witnesses who may be required to attend such Committee;

(d) the facilities which may be accorded to the Judge for defending himself;

(e) any other matter which has to be, or may be, provided for by rules or in respect of which provision is, in the opinion of the Joint Committee, necessary.

(5) Any rules made under this section shall not take effect until they are approved and confirmed both by the Speaker and the Chairman and are published in the Official Gazette, and such publication of the rules shall be conclusive proof that they have been duly made.

Rep. by Act... 56 74, S. 2 + Sch. I

## THE INDIAN RAILWAYS (AMENDMENT) ACT, 1968

No. 52 OF 1968

[20th December, 1968]

### An Act further to amend the Indian Railways Act, 1890

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

1. This Act may be called the Indian Railways (Amendment) Act, 1968. Short title.

9 of 1890.

2. In the Indian Railways Act, 1890 (hereinafter referred to as the principal Act), after section 100, the following sections shall be inserted, namely:— Insertion of new sections 100A and 100B.

“100A. If a railway servant, when on duty, is entrusted with any responsibility connected with the running of a train, rail-car or any other rolling-stock from one station or place to another station or place, and he abandons his duty before reaching such station or place, without authority or without properly handing over such train, rail-car or rolling-stock to another authorised railway servant, he shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to five hundred rupees, or with both. Abandoning train, etc., without authority.”

100B. If a railway servant, when on duty or otherwise, or any other person obstructs or causes to be obstructed or attempts to obstruct any train, rail-car or other rolling-stock upon a railway, by squatting, picketing, keeping without authority any rolling-stock on the railway or tampering with signal gear or otherwise, he shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to five hundred rupees, or with both.” Obstructing running of train, etc.

**REPEALED**

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*Indian Railways (Amendment)*

[ACT 52 OF 1968]

Amend-  
ment of  
section  
131.

3. In section 131 of the principal Act, in sub-section (1), for the figures "100, 101", the figures and letters "100, 100A, 100B, 101" shall be substituted.

Amend-  
ment of  
section  
148.

4. In section 148 of the principal Act, in sub-sections (1) and (2), for the figures "100, 101", the figures and letters "100, 100A, 100B, 101" shall be substituted.

Repeal  
and  
saving.

5. (1) The Indian Railways (Amendment) Ordinance, 1968, is hereby repealed. 10 of 1968.

(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, as if this Act had come into force on the 14th day of September, 1968.

THE MADRAS STATE (ALTERATION OF NAME)  
ACT, 1968

No. 53 OF 1968

[20th December, 1968]

An Act to alter the name of the State of Madras.

Enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

1. (1) This Act may be called the Madras State (Alteration of Name) Act, 1968.

Short title  
and com-  
mence-  
ment.

(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 this Act, unless the context otherwise requires,—

Defini-  
tions.

(a) "appointed day" means the date appointed under sub-section (2) of section 1 for the coming into force of this Act;

(b) "appropriate Government" means, as respects a law relating to a matter enumerated in List I in the Seventh Schedule to the Constitution, the Central Government, and as respects any other law, the State Government;

(c) "law" includes any enactment, Ordinance, regulation, order, bye-law, rule, scheme, notification or other instrument having the force of law in the whole or any part of the State of Madras.

3. As from the appointed day, the State of Madras shall be known as the State of Tamil Nadu.

Alteration  
of name  
of State  
of Madras.

<sup>1</sup>14-1-1969; *vide* S.O. 4633, dated the 30th December, 1968, Gazette of India, 1968, Extraordinary, Pt. II, Sec. 3 (ii), p. 1511.

Amendment of article 31A, article 168 and article 290A of the Constitution.

4. In sub-clause (a) of clause (2) of article 31A, in sub-clause (a) of clause (1) of article 168 and in article 290A of the Constitution, for the word "Madras", the words "Tamil Nadu" shall be substituted.

Amendment of First and Fourth Schedules to the Constitution.

5. (1) In the First Schedule to the Constitution, under the heading "I. THE STATES", for the figure and word "7. Madras", the figure and words "7. Tamil Nadu" shall be substituted.

(2) In the Fourth Schedule to the Constitution, for the figure and word "8. Madras", the figure and words "8. Tamil Nadu" shall be substituted.

Power to adapt laws.

6. (1) For the purpose of giving effect to the alteration of the name of the State of Madras by section 3, the appropriate Government may, before the expiration of one year from the appointed day, by order, make such adaptations and modifications of any law made before the appointed day, whether by way of repeal or amendment as may be necessary or expedient, and thereupon every such law shall have effect subject to the adaptations and modifications so made.

(2) Nothing in sub-section (1) shall be deemed to prevent a competent Legislature or other competent authority from repealing or amending any law adapted or modified by the appropriate Government under the said sub-section.

Power to construe laws.

7. Notwithstanding that no provision or insufficient provision has been made under section 6 for the adaptation of a law made before the appointed day, any court, tribunal or authority required or empowered to enforce such law may construe the law in such manner, without affecting the substance, as may be necessary or proper in regard to the matter before the court, tribunal or authority.

Legal proceedings.

8. Where immediately before the appointed day any legal proceedings are pending to which the State of Madras is a party, the State of Tamil Nadu shall be deemed to be substituted for the State of Madras in those proceedings.

THE APPROPRIATION (RAILWAYS) No. 5 ACT, 1968  
No. 54 OF 1968

[24th December, 1968]

An Act to authorise payment and appropriation] of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1968-69 for the purposes of Railways.

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

1. This Act may be called the Appropriation (Railways) No. 5 Act, 1968. Short title.

2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of eight thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services relating to railways specified in column 2 of the Schedule. Issue of Rs. 8,000 out of the Consolidated Fund of India for the financial year 1968-69.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
2	Miscellaneous Expenditure . . .	4,000	..	4,000
14	Construction of New Lines—Capital and Depreciation Reserve Fund . .	1,000	..	1,000
15	Open Line Works—Capital, Deprecia- tion Reserve Fund and Develop- ment Fund . . . . .	3,000	..	3,000
	TOTAL . . . . .	8,000	..	8,000



THE APPROPRIATION (RAILWAYS) No. 6 ACT, 1968  
No. 55 OF 1968

[24th December, 1968]

An Act to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services for the purposes of Railways during the financial year ended on the 31st day of March, 1967, in excess of the amounts granted for those services and for that year.

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

1. This Act may be called the Appropriation (Railways) No. 6 Short title. Act, 1968.

2. From and out of the Consolidated Fund of India, the sums specified in column 3 of the Schedule amounting in the aggregate to the sum of seven lakhs, sixty-eight thousand, five hundred and fifty-three rupees shall be deemed to have been authorised to be paid and applied to meet the amount spent for defraying the charges in respect of the services relating to Railways specified in column 2 of the Schedule during the financial year ended on the 31st day of March, 1967, in excess of the amounts granted for those services and for that year.

Issue of  
Rs. 7,68,553  
out of  
the Con-  
solidated  
Fund of  
India to  
meet cer-  
tain  
expendi-  
ture for  
the year  
ended on  
the 31st  
March,  
1967.

3. The sums deemed to have been authorised to be paid and applied from and out of the Consolidated Fund of India under this Act shall be deemed to have been appropriated for the services and purposes expressed in the Schedule in relation to the financial year ended on the 31st day of March, 1967.

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums aggregating to		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
2	Miscellaneous Expenditure . . .	7,68,074	..	7,68,074
13	Open Line Works—(Revenue) . . .	..	479	479
	TOTAL . . .	7,68,074	479	7,68,553

56 of 1974. Repealed.

THE DEPOSIT INSURANCE CORPORATION  
(AMENDMENT) ACT, 1968  
No. 56 OF 1968

[27th December, 1968]

An Act further to amend the Deposit Insurance Corporation Act, 1961

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

1. (1) This Act may be called the Deposit Insurance Corporation (Amendment) Act, 1968.

Short title, commencement, etc.

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

47 of 1961.

(3) Any reference in any provision inserted in the Deposit Insurance Corporation Act, 1961 (hereinafter referred to as the principal Act), by any section of this Act to the commencement of the Deposit Insurance (Amendment) Act, 1968, shall, in relation to a State or part thereof, be construed as a reference to the date on which the said section comes into force in that State or part.

~~3xxx~~ 2. In the principal Act, for the words and figures "the Banking Companies Act, 1949", wherever they occur, the words and figures "the Banking Regulation Act, 1949" shall be substituted.

Substitution of references to Banking Companies Act, 1949.

3. In section 2 of the principal Act,—

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

Amendment of section 2.

'(dd) "co-operative bank" means a State co-operative bank, a Central co-operative bank and a primary co-operative bank;'

3 sections 2 to 4, repealed by Act 56 of 1974, S. 242

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

'(ff) "defunct co-operative bank" means a co-operative bank—

(i) which has been prohibited from receiving fresh deposits; or

(ii) which has been ordered or directed to be wound up; or

(iii) which has transferred all its deposit liabilities in India to any other institution; or

10 of 1949.

(iv) which has ceased to be a co-operative bank within the meaning of sub-section (2) of section 36A of the Banking Regulation Act, 1949; or

(v) which has converted itself into a non-banking co-operative society; or

(vi) in respect of which any scheme of compromise or arrangement or of reconstruction has been sanctioned under any law for the time being in force and such scheme does not permit the acceptance of fresh deposits; or

(vii) which has been granted a moratorium which is in operation; or

(viii) in respect of which an application for winding up is pending before the Registrar of Co-operative Societies or other competent authority under any law relating to co-operative societies for the time being in force in a State;'

(iii) in clause (g),—

(a) for the words "or a banking company", the words "a banking company or a co-operative bank" shall be substituted;

(b) for the words "with a banking company", the words "with a banking company or a co-operative bank" shall be substituted;

(c) in sub-clause (i), after the words "where a banking company at the commencement of this Act", the words

56 of 1968.

"or where an eligible co-operative bank at the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968" shall be inserted;

(iv) after clause (g), the following clause shall be inserted, namely:—

'(gg) "eligible co-operative bank" means a co-operative bank the law for the time being governing which provides that—

(i) an order for the winding up, or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction, of the bank may be made only with the previous sanction in writing of the Reserve Bank;

(ii) an order for the winding up of the bank shall be made if so required by the Reserve Bank in the circumstances referred to in section 13D;

(iii) if so required by the Reserve Bank in the public interest or for preventing the affairs of the bank being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of the bank, an order shall be made for the supersession of the committee of management or other managing body (by whatever name called) of the bank and the appointment of an administrator therefor for such period or periods not exceeding five years in the aggregate as may from time to time be specified by the Reserve Bank;

(iv) an order for the winding up of the bank or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction or an order for the supersession of the committee of management or other managing body (by whatever name called) of the bank and the appointment of an administrator therefor made with the previous sanction in writing or on the requisition of the Reserve Bank shall not be liable to be called in question in any manner; and

(v) the liquidator or the insured bank or the transferee bank, as the case may be, shall be under an obligation to repay the Corporation in the circumstances to the extent and in the manner referred to in section 21;

(v) after clause (h), the following clause shall be inserted, namely:—

'(hh) "existing co-operative bank" means a co-operative bank carrying on the business of banking at the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968, which either holds a licence at such commencement under section 22 of the Banking Regulation Act, 1949, or having applied for such licence has not been informed by notice in writing by the Reserve Bank that a licence cannot be granted to it but does not include a defunct co-operative bank;'

(vi) for clause (i), the following clause shall be substituted, namely:—

'(i) "insured bank" means a banking company an eligible co-operative bank for the time being registered under the provisions of this Act and includes for the purposes of sections 16, 17, 18 and 21,—

(i) a banking company referred to in clause (a) or clause (b) of section 13, or

(ii) a co-operative bank referred to in clause (a) or clause (b) of section 13C,

the registration whereof has been cancelled under section 13, or as the case may be, under section 13C;'

(vii) after clause (k), the following clause shall be inserted, namely:—

'(kk) "new co-operative bank" means a co-operative bank which begins to transact the business of banking after the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968, under a licence granted to it under section 22 of the Banking Regulation Act, 1949, and includes a primary credit society becoming a primary co-operative bank after such commencement;'

(viii) after clause (p), the following clause shall be inserted, namely:—

'(q) the expressions "central co-operative bank", "co-operative society", "primary co-operative bank", "primary credit society" and "State co-operative bank" shall have the meanings respectively assigned to them in the Reserve Bank of India Act, 1934.'

4. For section 4 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 4.

“4. (1) The authorised capital of the Corporation shall be one crore of rupees but the Central Government may, in consultation with the Reserve Bank, increase such capital from time to time, so, however, that the total authorised capital shall not exceed five crores of rupees.

Capital of Corporation.

(2) The authorised capital for the time being of the Corporation shall be fully paid-up and shall stand allotted to the Reserve Bank.”

5. In section 6 of the principal Act, in sub-section (1),—

Amendment of section 6.

(i) in clause (b), for the words “a Deputy Governor”, the words “a Deputy Governor or any other officer” shall be substituted;

(ii) for clause (d), the following clause shall be substituted, namely:—

“(d) five directors nominated by the Central Government in consultation with the Reserve Bank, three of whom shall be persons having special knowledge of commercial banking, insurance, commerce, industry or finance and two of whom shall be persons having special knowledge of, or experience in, co-operative banking or co-operative movement, and none of the directors shall be an officer of Government or of the Reserve Bank or an officer or other employee of the Corporation or a director, an officer or other employee of a banking company or a co-operative bank or otherwise actively connected with a banking company or a co-operative bank.”.

~~4xxx~~ 6. In Chapter III of the principal Act, in the heading, after the words “BANKING COMPANIES”, the words “AND CO-OPERATIVE BANKS” shall be inserted.

Amendment of Chapter III.

7. After section 13 of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 13A, 13B, 13C and 13D.

“13A. (1) No co-operative bank shall be registered under this section unless it is an eligible co-operative bank.

Registration of co-operative banks.

Mha  
N.D  
AP  
Gov  
D...

↓ Repealed by Act 56 of 1974, S. 2 & Sch. I

## (2) Subject as aforesaid—

(a) the Corporation shall register every existing co-operative bank as an insured bank before the expiry of thirty days next following the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968;

(b) the Corporation shall register as an insured bank—

(i) every new co-operative bank [other than a primary credit society becoming a primary co-operative bank after the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968] as soon as may be after it is granted a licence under section 22 of the Banking Regulation Act, 1949;

10 of 1949

(ii) a primary credit society becoming a primary co-operative bank after such commencement within three months of its having made an application for a licence under the said section:

Provided that a bank referred to in clause (b) shall not be so registered if it has been informed by notice in writing by the Reserve Bank that such a licence cannot be granted to it.

Registra-  
tion of  
defunct  
co-opera-  
tive  
banks.

13B. Every co-operative bank, being a defunct co-operative bank at the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968, by reason of sub-clause (vii) or sub-clause (viii) of clause (ff) of section 2 shall, unless it becomes a defunct co-operative bank under any other sub-clause of that clause, be registered by the Corporation as an insured bank as soon as may be after the termination of the order of moratorium, or as the case may be, the rejection or dismissal of the application for its winding up provided it is an eligible co-operative bank and it either holds a licence granted under section 22 of the Banking Regulation Act, 1949, or having applied for such licence in accordance with that section, has not been informed by notice in writing by the Reserve Bank that a licence cannot be granted to it.

10 of 1949

Cancella-  
tion of  
registra-  
tion of co-  
operative  
banks.

13C. The registration of a co-operative bank as an insured bank shall stand cancelled on the occurrence of any of the following events, namely:—

(a) if it has been prohibited from accepting fresh deposits; or



10 of 1949. (b) if it has been informed by notice in writing by the Reserve Bank that its licence has been cancelled under section 22 of the Banking Regulation Act, 1949, or a licence under that section cannot be granted to it; or

(c) if it has been ordered or directed to be wound up; or

(d) if it has transferred all its deposit liabilities in India to any other institution; or

10 of 1949. (e) if it has ceased to be a co-operative bank within the meaning of sub-section (2) of section 36A of the Banking Regulation Act, 1949; or

(f) if it has converted itself into a non-banking co-operative society; or

(g) if in respect of it any scheme of compromise or arrangement or of reconstruction has been sanctioned by a competent authority and the said scheme does not permit the acceptance by it of fresh deposits; or

(h) if it has been amalgamated with any other co-operative society; or

(i) if it ceases to be an eligible co-operative bank, that is, if the law for the time being governing such co-operative bank does not provide for all or any of the matters referred to in clause (gg) of section 2.

13D. (1) The circumstances referred to in sub-clause (ii) of clause (gg) of section 2 (being circumstances in which the Reserve Bank may require the winding up of a co-operative bank) are the following, namely:—

Circumstances in which Reserve Bank may require winding up of co-operative banks.

10 of 1949. (a) that the co-operative bank has failed to comply with the requirements specified in section 11 of the Banking Regulation Act, 1949; or

(b) that the co-operative bank has by reason of the provisions of section 22 of the said Act become disentitled to carry on banking business in India; or

(c) that the co-operative bank has been prohibited from receiving fresh deposits by an order under sub-section (4) of section 35 of the said Act or under clause (b) of sub-section (3A) of section 42 of the Reserve Bank of India Act, 1934; or

(d) that the co-operative bank having failed to comply with any requirement of the Banking Regulation Act, 1949, <sup>10 of 1949.</sup> other than the requirements laid down in section 11 thereof, has continued such failure or, having contravened any provision of that Act has continued such contravention beyond such period or periods as may be specified in that behalf by the Reserve Bank from time to time, after notice in writing of such failure or contravention has been conveyed to the co-operative bank; or

(e) that the co-operative bank is unable to pay its debts; or

(f) that in the opinion of the Reserve Bank—

(i) a compromise or arrangement sanctioned by a competent authority in respect of the co-operative bank cannot be worked satisfactorily with or without modifications, or

(ii) the continuance of the co-operative bank is prejudicial to the interests of its depositors.

(2) Without prejudice to the provisions of any other law for the time being in force, a co-operative bank shall, for the purpose of clause (e) of sub-section (1), be deemed to be unable to pay its debts:—

(i) if, on the basis of the returns, statements or information furnished to the Reserve Bank under or in pursuance of the provisions of the Banking Regulation Act, 1949, the Reserve Bank is of opinion that the co-operative <sup>10 of 1949.</sup> bank is unable to pay its debts; or

(ii) if the co-operative bank has refused to meet any lawful demand made at any of its offices or branches within two working days, if such demand is made at a place where there is an office, branch or agency of the Reserve Bank, or within five working days if such demand is made elsewhere and, in either case, the Reserve Bank certifies in writing that the co-operative bank is unable to pay its debts.”.

~~Amendment of section 14. In section 14 of the principal Act, in sub-section (1), for the words "banking company", wherever they occur, the words "banking company or co-operative bank" shall be substituted.~~

4 ss. 8 to 14, repealed by Act 56 of 1974, S. 2 & sch. I.

✓9. In section 15 of the principal Act, in sub-section (1), in the second proviso, after the words and figures "under section 13", the words, figures and letter "or under section 13C" shall be inserted. Amendment of section 15.

✓10. In section 16 of the principal Act, in sub-section (1), in the first proviso, after the word and figures "section 13", the words, brackets, letters and figures "or clause (a) or clause (b) of section 13C" shall be inserted. Amendment of section 16.

✓11. In section 17 of the principal Act,— Amendment of section 17.

(i) in sub-section (2), for the words and figures "to each depositor of the insured bank in respect of his deposit the amount payable under section 16 either directly or through the liquidator or through any other agency as the Corporation may determine", the following words, figures, brackets and letters shall be substituted, namely:—

"the amount payable under section 16 in respect of the deposit of each depositor—

(a) directly to the depositor, or

(b) to the depositor through such agency as the Corporation may determine, or

(c) to the liquidator.";

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

"(3) Where the Corporation pays under sub-section (2), any amount in respect of the deposit of a depositor to the liquidator, the liquidator shall pay or cause to be paid that amount to the depositor and any expenses incurred by the liquidator in making such payment shall be treated as expenses incurred in the winding up of the insured bank."

✓12. In section 36 of the principal Act, in sub-section (1), after the words "of its officers", the words "or through such other person or agency as the Reserve Bank may determine" shall be inserted. Amendment of section 36.

✓13. In section 42 of the principal Act, for the words "or any other person authorised by the Corporation", the words "or any other person or agency authorised by the Corporation or the Reserve Bank" shall be substituted. Amendment of section 42.

Amendment of section 48.

14. In the Explanation to section 48 of the principal Act,—

(i) in clause (a), after the words "and includes", the words "a co-operative society or" shall be inserted;

(ii) in clause (b), after the words "in the firm", the words "and in relation to a co-operative society includes any member of a committee of management or other managing body (by whatever name called) to which the management of the affairs of the bank is entrusted" shall be inserted.

Rep. by Act... 56... of 1974, S. 2 + sch. I

**THE FOOD CORPORATIONS (AMENDMENT)  
ACT, 1968**

No. 57 OF 1968

[28th December, 1968]

An Act to amend the Food Corporations Act, 1964 and to declare the Central Government as the appropriate Government under the Industrial Disputes Act, 1947, in relation to the Food Corporation of India.

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

1. This Act may be called the Food Corporations (Amendment) Act, 1968. Short title.

37 of 1964. 2. After section 12 of the Food Corporations Act, 1964, the following section shall be inserted, namely:— Insertion of new section 12A.

“12A. (1) Where the Central Government has ceased or ceases to perform any functions which under section 13 are functions of the Corporation, it shall be lawful for the Central Government to transfer, by order and with effect from such date or dates (which may be either retrospective to any date not earlier than the 1st January, 1965, or prospective) as may be specified in the order, to the Corporation any of the officers or employees serving in the Department of the Central Government dealing with food or any of its subordinate or attached offices and engaged in the performance of those functions: Special provisions for transfer of Government employees to the Corporation in certain cases.

~~REPEALED~~

Provided that no order under this sub-section shall be made in relation to any officer or employee in such Department or office who has, in respect of the proposal of the Central Government to transfer such officer or employee to the Corporation, intimated within such time as may be specified in this behalf by that Government, his intention of not becoming an employee of the Corporation.

(2) In making an order under sub-section (1), the Central Government shall, as far as may be, take into consideration the functions which the Central Government has ceased or ceases to perform and the areas in which such functions have been or are performed.

(3) An officer or other employee transferred by an order made under sub-section (1) shall, on and from the date of transfer, cease to be an employee of the Central Government and become an employee of the Corporation with such designation as the Corporation may determine and shall, subject to the provisions of sub-sections (4), (5) and (6), be governed by the regulations made by the Corporation under this Act as respects remuneration and other conditions of service including pension, leave and provident fund, and shall continue to be an officer or employee of the Corporation unless and until his employment is terminated by the Corporation.

(4) Every officer or other employee transferred by an order made under sub-section (1) shall, within six months from the date of transfer, exercise his option in writing to be governed,—

(a) by the scale of pay applicable to the post held by him under the Government immediately before the date of transfer or by the scale of pay applicable to the post under the Corporation to which he is transferred.

(b) by the leave, provident fund, retirement or other terminal benefits admissible to employees of the Central Government in accordance with the rules and orders of the Central Government as amended from time to time or the leave, provident fund or other terminal benefits admissible to the employees of the Corporation under the regulations made by the Corporation under his Act,

and such option once exercised shall be final:

Provided that the option exercised under clause (a) shall be applicable only in respect of the post to which such officer or

employee is transferred to the Corporation and on appointment to a higher post under the Corporation, he shall be eligible only for the scale of pay applicable to such higher post:

Provided further that if immediately before the date of his transfer any such officer or employee is officiating in a higher post under the Government either in a leave vacancy or in any other vacancy of a specified duration, his pay, on transfer, shall be protected for the unexpired period of such vacancy and thereafter he shall be entitled to the scale of pay applicable to the post under the Government to which he would have reverted or to the scale of pay applicable to the post under the Corporation to which he is transferred, whichever he may opt:

Provided also that when an officer or other employee serving in the Department of the Ministry of the Central Government dealing with food or in any of its attached or subordinate offices is promoted to officiate in a higher post in the Department or office subsequent to the transfer to the Corporation of any other officer or employee senior to him in that Department or office before such transfer, the officer or other employee who is promoted to officiate in such higher post shall, on transfer to the Corporation, be entitled only to the scale of pay applicable to the post he would have held but for such promotion or the scale of pay applicable to the post under the Corporation to which he is transferred, whichever he may opt.

(5) No officer or other employee transferred by an order made under sub-section (1),—

(a) shall be dismissed or removed by an authority subordinate to that competent to make a similar or equivalent appointment under the Corporation as may be specified in the regulations made by the Corporation under this Act;

(b) shall be dismissed or removed or reduced in rank except after an inquiry in which he has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges and where it is proposed, after such inquiry, to impose on him any such penalty, until he has been given a reasonable opportunity of making a representation on the penalty proposed, but only on the basis of the evidence adduced during such inquiry:

Provided that this clause shall not apply,—

(i) where an officer or employee is dismissed or removed or reduced in rank on the ground of conduct which has led to his conviction on a criminal charge; or

REPEAL

1442

*Food Corporation (Amendment)*

[ACT 57 OF 1968]

(ii) where the authority empowered to dismiss or remove an officer or employee or to reduce him in rank is satisfied that for some reason, to be recorded by that authority in writing, it is not reasonably practicable to hold such inquiry; or

(iii) to an officer or employee who, after transfer to the Corporation, is appointed to a higher post under the Corporation in response to an open advertisement and in competition with outsiders.

(6) If, in respect of any such officer or employee as aforesaid, a question arises whether it is reasonably practicable to hold such inquiry as is referred to in sub-section (5), the decision thereon of the authority empowered to dismiss or remove him or to reduce him in rank shall be final.

(7) Nothing contained in sub-section (1) shall apply to the members of the Central Secretariat Service or any other service or to persons on deputation to the Department referred to in that sub-section or to any of its attached or subordinate offices from any Ministry of the Central Government or from any State Government or from any organisation."

Amend-  
ment of  
section 2  
of Act 14  
of 1947.

3. In section 2 of the Industrial Disputes Act, 1947, in sub-clause 14 of 1947  
(i) of clause (a), after the words and figures "the Unit Trust of  
India Act, 1963, or", the words and figures "the Food Corporation of 52 of 1963  
India established under section 3, or a Board of Management estab-  
lished for two or more contiguous States under section 16, of the  
Food Corporations Act, 1964, or" shall be inserted. 37 of 1964



Rep. by Act.....56 of 1968, S. 2 + Sch. I

## THE BANKING LAWS (AMENDMENT) ACT, 1968

No. 58 OF 1968

[28th December, 1968]

An Act further to amend the Banking Regulation Act, 1949, so as to provide for the extension of social control over banks and for matters connected therewith or incidental thereto, and also further to amend the Reserve Bank of India Act, 1934, and the State Bank of India Act, 1955.

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

### CHAPTER I

#### PRELIMINARY

1. (1) This Act may be called the Banking Laws (Amendment) Act, 1968.

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 and different dates may be appointed for different provisions of the Act.

### CHAPTER II

#### AMENDMENTS TO THE BANKING REGULATION ACT, 1949

10 of 1949.

2. In the Banking Regulation Act, 1949 (hereinafter in this Chapter referred to as the principal Act), in section 5,—

Amendment of section 5.

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

‘(ca) “banking policy” means any policy which is specified from time to time by the Reserve Bank in the inter-

\*1-2-1969; vide S. O. 181, dated the 13th January, 1969, Gazette of India, 1969, Pt. II, Sec 3(ii), P. 296.

est of the banking system or in the interest of monetary stability or sound economic growth, having due regard to the interests of the depositors, the volume of deposits and other resources of the bank and the need for equitable allocation and the efficient use of these deposits and resources;

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

'(gg) "managing agent" includes,—

(i) secretaries and treasurers,

(ii) where the managing agent is a company, any director of such company, and any member thereof who holds substantial interest in such company,

(iii) where the managing agent is a firm, any partner of such firm;';

(iii) to clause (h), the following proviso shall be added, namely:—

"Provided that the managing director shall exercise his powers subject to the superintendence, control and direction of the Board of directors.";

(iv) after clause (n), the following clauses shall be inserted, namely:—

'(na) "small-scale industrial concern" means an industrial concern in which the investment in plant and machinery is not in excess of seven and a half lakhs of rupees or such higher amount, not exceeding twenty lakhs of rupees, as the Central Government may, by notification in the Official Gazette, specify in this behalf, having regard to the trends in industrial development and other relevant factors;

(nb) "subsidiary bank" has the meaning assigned to it in the State Bank of India (Subsidiary Banks) Act, 1959; 38 of 1959

(nc) "substantial interest",—

(i) in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid-up on which exceeds five lakhs of rupees or ten per cent. of the paid-up capital of the company, whichever is less;

(ii) in relation to a firm, means the beneficial interest held therein by an individual or his spouse or minor child, whether singly or taken together, which represents more than ten per cent. of the total capital subscribed by all the partners of the said firm;'

3. After section 10 of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 10A, 10B, 10C and 10D.

“10A. (1) Notwithstanding anything contained in any other law for the time being in force, every banking company,—

Board of directors to include persons with professional or other experience.

(a) in existence on the commencement of section 3 of the Banking Laws (Amendment) Act, 1968, or

(b) which comes into existence thereafter,

shall comply with the requirements of this section:

Provided that nothing contained in this sub-section shall apply to a banking company referred to in clause (a) for a period of three months from such commencement.

(2) Not less than fifty-one per cent. of the total number of members of the Board of directors of a banking company shall consist of persons, who—

(a) shall have special knowledge or practical experience in respect of one or more of the following matters, namely:—

- (i) accountancy,
- (ii) agriculture and rural economy,
- (iii) banking,
- (iv) co-operation,
- (v) economics,
- (vi) finance,
- (vii) law,
- (viii) small-scale industry,

(ix) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company:

Provided that out of the aforesaid number of directors, not less than two shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry; and

(b) shall not—

(1) have substantial interest in, or be connected with, whether as employee, manager or managing agent,—

(i) any company, not being a company registered under section 25 of the Companies Act, 1956, or

(ii) any firm,

which carries on any trade, commerce or industry and which, in either case, is not a small-scale industrial concern, or

(2) be proprietors of any trading, commercial or industrial concern, not being a small-scale industrial concern.

(3) If, in respect of any banking company, the requirements, as laid down in sub-section (2), are not fulfilled at any time, the Board of directors of such banking company shall re-constitute such Board so as to ensure that the said requirements are fulfilled.

(4) If, for the purpose of re-constituting the Board under sub-section (3), it is necessary to retire any director or directors, the Board may, by lots drawn in such manner as may be prescribed, decide which director or directors shall cease to hold office and such decision shall be binding on every director of the Board.

(5) Where the Reserve Bank is of opinion that the composition of the Board of directors of a banking company is such that it does not fulfil the requirements of sub-section (2), it may, after giving to such banking company a reasonable opportunity of being heard, by an order in writing, direct the banking company to so re-constitute its Board of directors as to ensure that the said requirements are fulfilled and, if within two months from the date of receipt of that order, the banking company does not comply with the directions made by the Reserve Bank, that Bank may, after determining, by lots drawn in such manner as may be prescribed, the person who ought to be removed from the membership of the Board of directors, remove such person from the office of the director of such banking company and with a view to complying with the provisions of sub-section (2), appoint a suitable person as a member of the Board of directors in the place of the person so removed whereupon the person so appointed shall be deemed to have been duly elected by the banking company as its director.

(6) Every appointment, removal or re-constitution duly made, and every election duly held, under this section shall be final and shall not be called into question in any court.

(7) Every director elected or, as the case may be, appointed under this section shall hold office until the date up to which his predecessor would have held office, if the election had not been held, or, as the case may be, the appointment had not been made.

(8) No act or proceeding of the Board of directors of a banking company shall be invalid by reason only of any defect in the composition thereof or on the ground that it is subsequently discovered that any of its members did not fulfil the requirements of this section.

58 of 1968.

10B. (1) Notwithstanding anything contained in any law for the time being in force or in any contract to the contrary, every banking company in existence on the commencement of section 3 of the Banking Laws (Amendment) Act, 1968, or which comes into existence thereafter shall have a chairman of its Board of directors who shall be entrusted with the management of the whole of the affairs of the banking company: Banking company to be managed by whole-time chairman.

Provided that the chairman shall exercise his powers subject to the superintendence, control and direction of the Board of directors:

Provided further that nothing in this sub-section shall apply to a banking company in existence on the commencement of the said section for a period of three months from such commencement.

(2) Every chairman of the Board of directors of a banking company shall be in the whole-time employment of such company and shall hold office for such period, not exceeding five years, as the Board of directors may fix, but shall, subject to the provisions of this section, be eligible for re-election or re-appointment:

1 of 1956.

Provided that nothing in this sub-section shall be construed as prohibiting a chairman from being a director of a subsidiary of the banking company or a director of a company registered under section 25 of the Companies Act, 1956.

58 of 1968.

(3) Every person holding office on the commencement of section 3 of the Banking Laws (Amendment) Act, 1968, as managing director of a banking company shall—

(a) if there is a Chairman of its Board of directors, vacate office on such commencement, or

(b) if there is no chairman of its Board of directors, vacate office on the date on which the chairman of its Board of directors is elected or appointed in accordance with the provisions of this section.

(4) Every chairman of the Board of directors of a banking company shall be a person who has special knowledge and practical experience of—

(a) the working of a banking company, or of the State Bank of India or any subsidiary bank or a financial institution, or

(b) financial, economic or business administration:

Provided that a person shall be disqualified for being a chairman, if he—

(a) is a director of any company other than a company referred to in the proviso to sub-section (2), or

(b) is a partner of any firm which carries on any trade, business or industry, or

(c) has substantial interest in any other company or firm, or

(d) is a director, manager, managing agent, partner or proprietor of any trading, commercial or industrial concern, or

(e) is engaged in any other business or vocation.

(5) A chairman of the Board of directors of a banking company may, by writing under his hand addressed to the company, resign his office but shall continue in office until his successor assumes office.

(6) Without prejudice to the provisions of section 36AA, where the Reserve Bank is of opinion that any person who is, or has been elected to be, the chairman of the Board of directors of a banking company is not a fit and proper person to hold such office, it may, after giving to such person and to the banking company a reasonable opportunity of being heard, by order in writing, require the banking company to elect or appoint any other person as the chairman of its Board of directors and if, within a period of two months from the date of receipt of such order, the banking company fails to elect or appoint a suitable person as the chairman of its Board of directors, the Reserve Bank may, by order, remove the first-mentioned person from the office of the chairman of the Board of directors of the banking company and appoint a suitable person in his place whereupon the person so

appointed shall be deemed to have been duly elected or appointed, as the case may be, as the chairman of the Board of directors of such banking company and any person elected or appointed as chairman under this sub-section shall hold office for the residue of the period of office of the person in whose place he has been so elected or appointed.

(7) The banking company and any person against whom an order of removal is made under sub-section (6) may, within thirty days from the date of communication to it or to him of the order, prefer an appeal to the Central Government and the decision of the Central Government thereon, and subject thereto, the order made by the Reserve Bank under sub-section (6), shall be final and shall not be called into question in any court.

(8) Notwithstanding anything contained in this section, the Reserve Bank may, if in its opinion it is necessary in the public interest so to do, permit the chairman to undertake such part-time honorary work as is not likely to interfere with his duties as such chairman.

(9) Notwithstanding anything contained in this section, where a person appointed as chairman dies or resigns or is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his office, the banking company may, with the approval of the Reserve Bank, make suitable arrangements for carrying out the duties of chairman for a total period not exceeding four months.

10C. Any director or chairman appointed by the Reserve Bank under section 10A or section 10B, as the case may be, shall not be required to hold qualification shares in the banking company.

Chairman or Director appointed by the Reserve Bank not to be required to hold qualification shares.

10D. Any appointment or removal of a director or chairman in pursuance of section 10A or section 10B shall have effect and any such person shall not be entitled to claim any compensation for the loss or termination of office, notwithstanding anything contained in any law or in any contract, memorandum or articles of association".

Provisions of sections 10A and 10B to over-ride all other laws, contracts, etc.

Amend-  
ment of  
section 16.

4. In section 16 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) Nothing in sub-section (1) shall apply to, or in relation to, any director appointed by the Reserve Bank.”

Substitu-  
tion of  
new sec-  
tion for  
section 20.

5. For section 20 of the principal Act, the following section shall be substituted, namely:—

Restric-  
tions on  
loans and  
advances.

‘20. (1) Notwithstanding anything to the contrary contained in section 77 of the Companies Act, 1956, no banking company<sup>1</sup> of 1956 shall,—

(a) grant any loans or advances on the security of its own shares, or

(b) enter into any commitment for granting any loan or advance to or on behalf of—

(i) any of its directors,

(ii) any firm in which any of its directors is interested as partner, manager, employee or guarantor, or

(iii) any company (not being a subsidiary of the banking company or a company registered under section 25 of the Companies Act, 1956, or a Government company) of which any of the directors of the banking company is a director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or<sup>1</sup> of 1956

(iv) any individual in respect of whom any of its directors is a partner or guarantor.

(2) Where any loan or advance granted by a banking company is such that a commitment for granting it could not have been made if clause (b) of sub-section (1) had been in force on the date on which the loan or advance was made, or is granted by a banking company after the commencement of section 5 of the Banking Laws (Amendment) Act, 1968, but in pursuance of a commitment entered into before such commencement, steps shall be taken to recover the amounts due to the banking company on account of the loan or advance together with interest, if any, due thereon within the period stipulated at<sup>58 of 196</sup>



the time of the grant of the loan or advance, or where no such period has been stipulated, before the expiry of one year from the commencement of the said section 5:

Provided that the Reserve Bank may, in any case, on an application in writing made to it by the banking company, in this behalf, extend the period for the recovery of the loan or advance until such date, not being a date beyond the period of three years from the commencement of the said section 5, and subject to such terms and conditions, as the Reserve Bank may deem fit:

Provided further that this sub-section shall not apply if and when the director concerned vacates the office of the director of the banking company, whether by death, retirement, resignation or otherwise.

(3) No loan or advance, referred to in sub-section (2), or any part thereof shall be remitted without the previous approval of the Reserve Bank, and any remission without such approval shall be void and of no effect.

(4) Where any loan or advance referred to in sub-section (2), payable by any person, has not been repaid to the banking company within the period specified in that sub-section, then, such person shall, if he is a director of such banking company on the date of the expiry of the said period, be deemed to have vacated his office as such on the said date.

*Explanation.*—In this section—

(a) "loans or advance" shall not include any transaction which the Reserve Bank may, having regard to the nature of the transaction, the period within which, and the manner and circumstances in which, any amount due on account of the transaction is likely to be realised, the interest of the depositors and other relevant considerations, specify by general or special order as not being a loan or advance for the purpose of this section:

(b) "director" includes a member of any Board or committee in India constituted by a banking company for the purpose of managing, or for the purpose of advising it in regard to the management of, all or any of its affairs.

(5) If any question arises whether any transaction is a loan or advance for the purposes of this section, it shall be referred to the Reserve Bank, whose decision thereon shall be final.

Amend-  
ment of  
section  
21.

6. In section 21 of the principal Act, in sub-section (1), after the words "in the interests of depositors", the words "or banking policy" shall be inserted.

Amend-  
ment of  
section  
24.

7. In section 24 of the principal Act, in sub-section (2A), in sub-clause (iii) of clause (b), for the words "any balances maintained by a scheduled bank with the State Bank of India", the words "any balances in current account maintained in India by a scheduled bank with the State Bank of India" shall be substituted.

Amend-  
ment of  
section  
30.

8. In section 30 of the principal Act,—

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

"(1) The balance-sheet and profit and loss account prepared in accordance with section 29 shall be audited by a person duly qualified under any law for the time being in force to be an auditor of companies.";

(b) after sub-section (1), the following sub-sections shall be inserted, namely:—

"(1A) Notwithstanding anything contained in any law for the time being in force or in any contract to the contrary, every banking company shall, before appointing, re-appointing or removing any auditor or auditors, obtain the previous approval of the Reserve Bank.

(1B) Without prejudice to anything contained in the Companies Act, 1956, or any other law for the time being in force, where the Reserve Bank is of opinion that it is necessary in the public interest or in the interests of the banking company or its depositors so to do, it may direct the auditor of the banking company to audit the accounts of the banking company in relation to any transaction or class of transactions specified in the order, and the auditor shall comply with such directions and make a report of such audit to the Reserve Bank and forward a copy thereof to the company.

(1C) The expenses of, or incidental to, the audit of the transaction or class of transactions specified in the order made by the Reserve Bank shall be borne by the banking company."

Amend-  
ment of  
section  
34A.

9. In section 34A of the principal Act, in sub-section (3), the words, brackets and figures "as defined in the State Bank of India (Subsidiary Banks) Act, 1959" shall be omitted.

10. In section 35A of the principal Act, in sub-section (1), after clause (a), the following clause shall be inserted, namely:—

Amendment of section 35A.

“(aa) in the interest of banking policy; or”.

11. In section 35B of the principal Act,—

Amendment of section 35B.

(a) in sub-section (1),—

(i) in clause (a), for the words “appointment or re-appointment or remuneration of a”, the words “appointment or re-appointment or termination of appointment or remuneration of a chairman, a” shall be substituted;

(ii) for clause (b), the following clause shall be substituted, namely:—

“(b) no appointment or re-appointment or termination of appointment of a chairman, a managing or whole-time director, manager or chief executive officer by whatever name called, shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Reserve Bank.”;

(iii) in the *Explanation*, for the words “of the manager”, the words “of the chairman or the manager” shall be substituted;

(b) in sub-section (3), for the words “as a managing or whole-time director”, the words “as chairman or a managing or whole-time director” shall be substituted and for the word “appointment”, wherever it occurs, the words “appointment or re-appointment” shall be substituted.

12. In section 36 of the principal Act, in sub-section (1), in clause (d),—

Amendment of section 36.

(i) for the words and figures “during the course, or after the completion, of any inspection of a banking company under section 35,” the words “at any time, if it is satisfied that in the public interest or in the interest of banking policy or for preventing the affairs of the banking company being conducted in a manner detrimental to the interests of the banking company or its depositors it is necessary so to do,” shall be substituted;

(ii) in sub-clause (v), the words “in consequence of the state of affairs disclosed during or by the inspection” shall be omitted.

Amend-  
ment of  
section  
36AA.

13. In section 36AA of the principal Act,—

(a) in sub-section (1), for the words “any director,” the words “any chairman, director,” shall be substituted;

(b) in sub-section (2),—

(i) for the words “unless the director”, the words “unless the chairman, director” shall be substituted;

(ii) in the proviso—

(a) for the words “the director or, as the case may be, chief executive officer”, the words “the chairman or, as the case may be, director or chief executive officer” shall be substituted;

(b) in clause (a), for the words “act as such director”, the words “act as such chairman or director” shall be substituted;

(c) in sub-section (4),—

(i) for the words “a director”, where they occur for the first time, the words “a chairman, director” shall be substituted;

(ii) for the words “a director or, as the case may be,” the words “a chairman or, as the case may be, a director” shall be substituted;

(d) in sub-section (6), for the words “the director”, the words “the chairman or director” shall be substituted;

(e) in sub-section (7), for the words “director or chief executive officer”, wherever they occur, the words “chairman, director or chief executive officer” shall be substituted.

Amend-  
ment of  
section  
36AB.

14. In section 36AB of the principal Act, in sub-section (1), for the words “opinion that”, the words “opinion that in the interest of banking policy or in the public interest or” shall be substituted.

Insertion  
of new  
Part IIB  
and IIC.

15. After Part IIA of the principal Act, the following Parts shall be inserted, namely:—

**PART IIB**

**PROHIBITION OF CERTAIN ACTIVITIES IN RELATION TO  
BANKING COMPANIES**

Punish-  
ments for  
certain  
activities  
in relation  
to banking  
companies.

36AD. (1) No person shall—

(a) obstruct any person from lawfully entering or leaving any office or place of business of a banking company or from carrying on any business there, or

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(b) hold, within the office or place of business of any banking company, any demonstration which is violent or which prevents, or is calculated to prevent, the transaction of normal business by the banking company, or

(c) act in any manner calculated to undermine the confidence of the depositors in the banking company.

(2) Whoever contravenes any provision of sub-section (1) without any reasonable excuse shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(3) For the purposes of this section, "banking company" includes the Reserve Bank, the Industrial Development Bank of India, the State Bank of India, and any subsidiary bank.

#### PART IIC

##### ACQUISITION OF THE UNDERTAKINGS OF BANKING COMPANIES IN CERTAIN CASES

36AE. (1) If, upon receipt of a report from the Reserve Bank, the Central Government is satisfied that a banking company—

Power of Central Government to acquire undertakings of banking companies in certain cases.

(a) has, on more than one occasion, failed to comply with the directions given to it in writing under section 21 or section 35A, in so far as such directions relate to banking policy, or

(b) is being managed in a manner detrimental to the interests of its depositors,—

and that—

(i) in the interests of the depositors of such banking company, or

(ii) in the interest of banking policy, or

(iii) for the better provision of credit generally or of credit to any particular section of the community or in any particular area,

it is necessary to acquire the undertaking of such banking company, the Central Government may, after such consultation with the Reserve Bank as it thinks fit, by notified order, acquire the undertaking of such company (hereinafter referred to as the acquired bank) with effect from such date as may be specified in this behalf by the Central Government (hereinafter referred to as the appointed day):

Provided that no undertaking of any banking company shall be so acquired unless such banking company has been given a reasonable opportunity of showing cause against the proposed action.

*Explanation.*—In this Part,—

(a) “notified order” means an order published in the Official Gazette;

(b) “undertaking”, in relation to a banking company incorporated outside India, means the undertaking of the company in India.

(2) Subject to the other provisions contained in this Part, on the appointed day, the undertaking of the acquired bank and all the assets and liabilities of the acquired bank shall stand transferred to, and vest in, the Central Government.

(3) The undertaking of the acquired bank and its assets and liabilities shall be deemed to include all rights, powers, authorities and privileges and all property, whether movable or immovable, including, in particular, cash balances, reserve funds, investments, deposits and all other interests and rights in, or arising out of, such property as may be in the possession of, or held by, the acquired bank immediately before the appointed day and all books, accounts and documents relating thereto, and shall also be deemed to include all debts, liabilities and obligations, of whatever kind, then existing of the acquired bank.

(4) Notwithstanding anything contained in sub-section (2), the Central Government may, if it is satisfied that the undertaking of the acquired bank and its assets and liabilities should, instead of vesting in the Central Government, or continuing to so vest, vest in a company established under any scheme made under this Part or in any corporation (hereinafter in this Part and in the Fifth Schedule referred to as the transferee bank) that Government may, by order, direct that the said undertaking, including the assets and liabilities thereof, shall vest in the transferee bank either on the publication of the notified order or on such other date as may be specified in this behalf by the Central Government.

(5) Where the undertaking of the acquired bank and the assets and liabilities thereof vest in the transferee bank under sub-section (4), the transferee bank, shall, on and from the date of such vesting, be deemed to have become the transferee of the

acquired bank and all the rights and liabilities in relation to the acquired bank shall, on and from the date of such vesting, be deemed to have been the rights and liabilities of the transferee bank.

(6) Unless otherwise expressly provided by or under this Part, all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the appointed day and to which the acquired bank is a party or which are in favour of the acquired bank shall be of as full force and effect against or in favour of the Central Government, or as the case may be, of the transferee bank, and may be enforced or acted upon as fully and effectually as if in the place of the acquired bank the Central Government or the transferee bank had been a party thereto or as if they had been issued in favour of the Central Government or the transferee bank, as the case may be.

(7) If, on the appointed day, any suit, appeal or other proceeding of whatever nature is pending by or against the acquired bank, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertaking of the acquired bank or of anything contained in this Part, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Central Government or the transferee bank, as the case may be.

36AF. (1) The Central Government may, after consultation with the Reserve Bank, make a scheme for carrying out the purposes of this Part in relation to any acquired bank.

Power of the Central Government to make scheme.

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

(a) the corporation, or the company incorporated for the purpose, to which the undertaking including the property, assets and liabilities of the acquired bank may be transferred, and the capital, constitution, name and office thereof;

(b) the constitution of the first Board of management (by whatever name called) of the transferee bank, and all such matters in connection therewith or incidental thereto as the Central Government may consider to be necessary or expedient;

(c) the continuance of the services of all the employees of the acquired bank (excepting such of them as, not being workmen within the meaning of the Industrial Disputes Act, 1947, are specifically mentioned in the scheme) in the <sup>14 of 1947.</sup> Central Government or in the transferee bank, as the case may be, on the same terms and conditions so far as may be, as are specified in clauses (i) and (j) of sub-section (5) of section 45;

(d) the continuance of the right of any person who, on the appointed day, is entitled to or is in receipt of, a pension or other superannuation or compassionate allowance or benefit, from the acquired bank or any provident, pension or other fund or any authority administering such fund, to be paid by, and to receive from, the Central Government or the transferee bank, as the case may be, or any provident, pension or other fund or any authority administering such fund, the same pension, allowance or benefit so long as he observes the conditions on which the pension, allowance or benefit was granted, and if any question arises whether he has so observed such conditions, the question shall be determined by the Central Government and the decision of the Central Government thereon shall be final;

(e) the manner of payment of the compensation payable in accordance with the provisions of this Part to the shareholders of the acquired bank, or where the acquired bank is a banking company incorporated outside India, to the acquired bank in full satisfaction of their, or as the case may be, its, claims;

(f) the provision, if any, for completing the effectual transfer to the Central Government or the transferee bank of any asset or any liability which forms part of the undertaking of the acquired bank in any country outside India;

(g) such incidental, consequential and supplemental matters as may be necessary to secure that the transfer of the business, property, assets and liabilities of the acquired bank to the Central Government or transferee bank, as the case may be, is effectual and complete.

(3) The Central Government may, after consultation with the Reserve Bank, by notification in the Official Gazette, add to, amend or vary any scheme made under this section.

(4) Every scheme made under this section shall be published in the Official Gazette.



(5) Copies of every scheme made under this section shall be laid before each House of Parliament as soon as may be after it is made.

(6) The provisions of this Part and of any scheme made thereunder shall have effect notwithstanding anything to the contrary contained in any other provisions of this Act or in any other law or any agreement, award or other instrument for the time being in force.

(7) Every scheme made under this section shall be binding on the Central Government or, as the case may be, on the transferee bank and also on all members, creditors, depositors and employees of the acquired bank and of the transferee bank and on any other person having any right, liability, power or function in relation to, or in connection with, the acquired bank or the transferee bank, as the case may be.

36AG. (1) Every person who, immediately before the appointed day, is registered as a holder of shares in the acquired bank or, where the acquired bank is a banking company incorporated outside India, the acquired bank, shall be given by the Central Government, or the transferee bank, as the case may be, such compensation in respect of the transfer of the undertaking of the acquired bank as is determined in accordance with the principles contained in the Fifth Schedule.

Compensation to be given to shareholders of the acquired bank.

(2) Nothing contained in sub-section (1) shall affect the rights *inter se* between the holder of any share in the acquired bank and any other person who may have any interest in such shares and such other person shall be entitled to enforce his interest against the compensation awarded to the holder of such share, but not against the Central Government, or the transferee bank.

(3) The amount of compensation to be given in accordance with the principles contained in the Fifth Schedule shall be determined in the first instance by the Central Government, or the transferee bank, as the case may be, in consultation with the Reserve Bank, and shall be offered by it to all those to whom compensation is payable under sub-section (1) in full satisfaction thereof.

(4) If the amount of compensation offered in terms of sub-section (3) is not acceptable to any person to whom the compensation is payable, such person may, before such date as may be notified by the Central Government in the Official Gazette,

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*Banking Laws (Amendment)*

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request the Central Government in writing, to have the matter referred to the Tribunal constituted under section 36AH.

(5) If, before the date notified under sub-section (4), the Central Government receives requests, in terms of that sub-section, from not less than one-fourth in number of the shareholders holding not less than one-fourth in value of the paid-up share capital of the acquired bank, or, where the acquired bank is a banking company incorporated outside India, from the acquired bank, the Central Government shall have the matter referred to the Tribunal for decision.

(6) If, before the date notified under sub-section (4), the Central Government does not receive requests as provided in that sub-section, the amount of compensation offered under sub-section (3), and where a reference has been made to the Tribunal, the amount determined by it, shall be the compensation payable under sub-section (1) and shall be final and binding on all parties concerned.

Constitu-  
tion of the  
Tribunal.

36AH. (1) The Central Government may, for the purpose of this Part, constitute a Tribunal which shall consist of a Chairman and two other members.

(2) The Chairman shall be a person who is, or has been, a Judge of a High Court or of the Supreme Court, and, of the two other members, one shall be a person, who, in the opinion of the Central Government, has had experience of commercial banking and the other shall be a person who is a chartered accountant within the meaning of the Chartered Accountants' Act, 1949. 38 of 1949.

(3) If, for any reason, a vacancy occurs in the office of the Chairman or any other member of the Tribunal, the Central Government may fill the vacancy by appointing another person thereto in accordance with the provisions of sub-section (2), and any proceeding may be continued before the Tribunal, so constituted, from the stage at which the vacancy occurred.

(4) The Tribunal may, for the purpose of determining any compensation payable under this Part, choose one or more persons having special knowledge or experience of any relevant matter to assist it in the determination of such compensation.

Tribunal to  
have powers  
of a civil  
court.

36AI. (1) The Tribunal shall have the powers of a civil court, while trying a suit, under the Code of Civil Procedure, 1908, in respect of the following matters, namely:—

5 of 1908.

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on affidavits;

(d) issuing commissions for the examination of witnesses or documents.

(2) Notwithstanding anything contained in sub-section (1), or in any other law for the time being in force, the Tribunal shall not compel the Central Government or the Reserve Bank,—

(a) to produce any books of account or other documents which the Central Government, or the Reserve Bank, claims to be of a confidential nature;

(b) to make any such books or documents part of the record of the proceedings before the Tribunal; or

(c) to give inspection of any such books or documents to any party before it or to any other person.

36AJ. (1) The Tribunal shall have power to regulate its own procedure.

Procedure of the Tribunal.

(2) The Tribunal may hold the whole or any part of its inquiry *in camera*.

(3) Any clerical or arithmetical error in any order of the Tribunal or any error arising therein from any accidental slip or omission may, at any time, be corrected by the Tribunal either of its own motion or on the application of any of the parties.

16. Section 39 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-section shall be, and shall be deemed always to have been, inserted, namely:—

Amendment of section 39.

“(2) Subject to such directions as may be made by the High Court, the remuneration of the official liquidator appointed under this section, the cost and expenses of his establishment and the cost and expenses of the winding up shall be met out of the assets of the banking company which is being wound up, and notwithstanding anything to the contrary contained in any other law for the time being in force, no fees shall be payable to the Central Government, out of the assets of the banking company.”

Insertion  
of new  
section  
47A.

Power of  
Reserve  
Bank to  
impose  
penalty.

17. After section 47 of the principal Act, the following section shall be inserted, namely:—

“47A. (1) Notwithstanding anything contained in section 46, if a contravention or default of the nature referred to in sub-section (3) or sub-section (4) of section 46, as the case may be, is made by a banking company, then, the Reserve Bank may impose on such banking company—

(a) where the contravention is of the nature referred to in sub-section (3) of section 46, a penalty not exceeding twice the amount of the deposits in respect of which such contravention was made;

(b) where the contravention or default is of the nature referred to in sub-section (4) of section 46, a penalty not exceeding two thousand rupees; and where such contravention or default is a continuing one, a further penalty which may extend to one hundred rupees for every day, after the first, during which the contravention or default continues.

(2) For the purpose of adjudging the penalty under sub-section (1), the Reserve Bank shall hold an inquiry in the prescribed manner after giving the banking company a reasonable opportunity of being heard.

(3) While holding an inquiry under this section, the Reserve Bank shall have power to summon and enforce the attendance of any person to give evidence or to produce any document or any other thing which, in the opinion of the Reserve Bank, may be useful for, or relevant to, the subject matter of the inquiry.

(4) No complaint shall be filed against any banking company in any court of law in respect of any contravention or default in respect of which any penalty has been imposed by the Reserve Bank under this section.

(5) Any penalty imposed by the Reserve Bank under this section shall be payable within a period of fourteen days from the date on which notice issued by the Reserve Bank demanding payment of the sum is served on the banking company and in the event of failure of the banking company to pay the sum within such period, may be levied on a direction made by the principal civil court having jurisdiction in the area where the registered office of the banking company is situated; or, in the case of a banking company incorporated outside India, where its principal place of business in India is situated:

Provided that no such direction shall be made except on an application made to the court by the Reserve Bank or any officer authorised by that Bank in this behalf.

(6) The court which makes a direction under sub-section (5) shall issue a certificate specifying the sum payable by the banking company and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a civil suit.

(7) Where any complaint has been filed against any banking company in any court in respect of the contravention or default of the nature referred to in sub-section (3) or, as the case may be, sub-section (4) of section 46, then, no proceedings for the imposition of any penalty on the banking company shall be taken under this section."

18. In section 51 of the principal Act—

Amend-  
ment of  
section 51.

(a) in clause (c) of the proviso, after the words and figures "in section 46", the words, figures and letter "or in section 47A" shall be inserted;

(b) the *Explanation* shall be omitted.

19. In section 52 of the principal Act, in the proviso to sub-section (3), after the words "this section", the brackets, words, figures and letters "(including the rules made for the first time on matters specified in sections 10A and 47A)" shall be inserted.

Amend-  
ment of  
section 52.

20. After section 55 of the principal Act, the following section shall be inserted, namely:—

Insertion  
of new  
section  
after sec-  
tion 55.

"55A. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, as occasion requires, do anything (not inconsistent with the provisions of this Act) which appears to it to be necessary for the purpose of removing the difficulty:

Power to  
remove  
difficul-  
ties.

Provided that no such power shall be exercised after the expiry of a period of three years from the commencement of section 20 of the Banking Laws (Amendment) Act, 1968."

Amendment of Part V.

21. In Part V, in the provisions of the principal Act, as applied to or in relation to co-operative societies,—

(a) in section 5A, as substituted by clause (d) of section 56 of the principal Act,—

(i) in sub-section (1), for the words "this Part", the words "this Act" shall be substituted;

(ii) in sub-section (2), for the words "this Part", the words "this Act" shall be substituted;

(b) in section 7, as substituted by clause (f) of the said section 56, in sub-section (2), after clause (b), the following clause shall be inserted, namely:—

"(c) any co-operative society, not being a primary credit society, formed by the employees of a banking company or the State Bank of India or any other banking institution notified by the Central Government under section 51 or the employees of a subsidiary of such banking company or the State Bank of India or, as the case may be, such banking institution.";

(c) in clause (g) of the said section 56, for the word and figures "section 10", the words, figures and letters "sections 10, 10A, 10B, 10C and 10D" shall be substituted;

(d) in section 18 of the principal Act, as substituted by clause (j) of the said section 56, in the *Explanation*, for clause (c), the following clause shall be substituted, namely:—

"(c) in the case of a State or central co-operative bank, also any deposit of money with it representing the reserve fund or any part thereof required to be maintained with it by any other co-operative society within its area of operation, and in the case of a central co-operative bank, also an advance taken by it from the State co-operative bank of the State concerned;"

(e) for clause (l) of the said section 56, the following clause shall be substituted, namely:—

"(l) for section 20 of the principal Act, the following section shall be substituted, namely:—

20. (1) No co-operative bank shall—

(a) make any loans or advances on the security of its own shares, or

Restrictions on loans and advances.

(b) grant unsecured loans or advances—

(i) to any of its directors; or

(ii) to firms or private companies in which any of its directors is interested as partner or managing agent or guarantor or to individuals in cases where any of its directors is a guarantor; or

(iii) to any company in which the chairman of the Board of directors of the co-operative bank (where the appointment of a chairman is for a fixed term) is interested as its managing agent, or where there is no managing agent, as its chairman or managing director:

Provided that nothing in clause (b) shall apply to the grant of unsecured loans or advances—

(a) made by a co-operative bank—

(i) against bills for supplies or services made or rendered to Government or bills of exchange arising out of *bona fide* commercial or trade transactions, or

(ii) in respect whereof trust-receipts are furnished to the co-operative bank;

(b) made by a primary co-operative bank to any of its directors or to any other person within such limits and on such terms and conditions as may be approved by the Reserve Bank in this behalf.

(2) Every co-operative bank shall, before the close of the month succeeding that to which the return relates, submit to the Reserve Bank a return in the prescribed form and manner showing all unsecured loans and advances granted by it to companies in cases [other than those in which the co-operative bank is prohibited under sub-section (1) to make unsecured loans and advances] in which any of its directors is interested as director or managing agent or guarantor.

(3) If, on examination of any return submitted under sub-section (2), it appears to the Reserve Bank that any loans or advances referred to in that sub-section are being granted to the detriment of the

interests of the depositors of the co-operative bank, the Reserve Bank may, by order in writing, prohibit the co-operative bank from granting any such further loans or advances or impose such restrictions on the grant thereof as it thinks fit, and may by like order direct the co-operative bank to secure the re-payment of such loan or advance within such time as may be specified in the order.”;

(f) in sub-section (2) of section 22, as substituted by clause (o) of the said section 56, for the proviso, the following proviso shall be substituted, namely:—

“Provided that nothing in clause (b) of sub-section (1) shall be deemed to prohibit—

(i) a co-operative society carrying on business as a co-operative bank at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965, or

23 of 1961

(ii) a co-operative bank which has come into existence as a result of the division of any other co-operative society, or the amalgamation of other co-operative societies carrying on business in either case as a co-operative bank or banks at such commencement, or

(iii) a primary credit society which becomes a primary co-operative bank after such commencement, from carrying on banking business until it is granted a licence in pursuance of this section or is, by a notice in writing, notified by the Reserve Bank that the licence cannot be granted to it.”;

(g) in sub-section (1) of section 23, as substituted by clause (p) of the said section 56, in clause (b) of the proviso, for the words “opening of branches”, the words “opening or changing the location of branches” shall be substituted;

(h) in sub-section (2A) of section 24, as substituted by clause (q) of the said section 56, for clause (b), the following clause shall be substituted, namely:—

“(b) in computing the amount for the purpose of clause (a),—

(i) any cash or balances maintained in India by a co-operative bank, other than a scheduled State co-operative bank with itself or in current account with the



Reserve Bank or the State Bank of India or with any other bank which may be notified in this behalf by the Central Government and also any balances maintained with the State co-operative bank of the State concerned, and, in the case of a primary co-operative bank, also any balances maintained with the central co-operative bank of the district concerned or with the State co-operative bank of the State concerned in excess of the aggregate of the cash or balances or both required to be maintained under section 18; and

(ii) any balance maintained by a scheduled State co-operative bank with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934, and any balances in current account maintained in India by a scheduled State co-operative bank with the State Bank of India or with any other bank which may be notified by the Central Government,

2 of 1934.

shall be deemed to be cash maintained in India.

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

(a) approved securities, or a portion thereof, representing investment of Agricultural Credit Stabilization Fund of a co-operative bank shall not be deemed to be unencumbered approved securities;

(b) balance with the State co-operative bank of the State concerned or with the central co-operative bank of the district concerned, or a portion thereof, representing investment of Agricultural Credit Stabilization Fund of a co-operative bank shall not be deemed to be cash maintained in India;

(c) in case a co-operative bank has taken an advance against any balance maintained with the State Bank of India or with any other bank which may be notified in this behalf by the Central Government or with the State co-operative bank of the State concerned or with the central co-operative bank of the district concerned, such balance to the extent to which it has been drawn against or availed of shall not be deemed to be cash maintained in India.”

(i) in the proviso to sub-section (1) of section 35, as inserted by clause (w) of the said section 56, the following shall be added at the end, namely:—

“and may, if it considers it necessary and expedient so to do, supply a copy of the said report to the State co-operative bank or the Registrar of co-operative societies of the State in which the inspected bank is registered”;

(j) in clause (zb) of the said section 56, after the word, figures and letter “Part IIA,” the word, figures and letter “Part IIC,” shall be inserted.

Insertion  
of new  
Schedule.

22. After the Fourth Schedule to the principal Act, the following Schedule shall be inserted, namely:—

#### “THE FIFTH SCHEDULE

(See section 36AG)

#### PRINCIPLES OF COMPENSATION

1. The compensation to be given under section 36AG shall be an amount equal to the value of the assets of the acquired bank as on the day immediately before the appointed day, computed in accordance with the provisions of Part I of this Schedule less the total amount of liabilities thereof computed in accordance with the provisions of Part II of this Schedule.

#### Part I.—Assets

For the purposes of this Part “assets” means the total of the following:—

(a) the amount of cash in hand and with the Reserve Bank and the State Bank of India (including foreign currency notes which shall be converted at the market rate of exchange);

(b) the amount of balances with any bank, whether on deposit or current account, and money at call and short notice, balances held outside India being converted at the market rate of exchange;

Provided that any balances which are not realisable in full shall be deemed to be debts and valued accordingly;

(c) the market value, as on the day immediately before the appointed day, of any securities, shares, debentures, bonds and other investments, held by the bank concerned.

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

(i) securities of the Central and State Governments [other than the securities specified in sub-clauses (ii) and (iii) of this *Explanation*] maturing for redemption within five years from the appointed day shall be valued at the face value or the market value, whichever is higher;

(ii) securities of the Central Government, such as Post Office Certificates and Treasury Savings Deposit Certificates and any other securities or certificates issued or to be issued under the Small Saving Scheme of the Central Government, shall be valued at their face value or the encashable value of the market value, as on the day immediately before the appointed day, whichever is higher;

(iii) where the market value of any Government security such as the zamindari abolition bonds or other similar security in respect of which the principal is payable in instalments, is not ascertainable or is, for any reason, not considered as reflecting the fair value thereof or as otherwise appropriate, the security shall be valued at such an amount as is considered reasonable having regard to the instalments of principal and interest remaining to be paid, the period during which such instalments are payable the yield of any security, issued by the Government to which the security pertains and having the same or approximately the same maturity, and other relevant factors;

(iv) where the market value of any security, share, debenture, bond or other investment is not considered reasonable by reason of its having been affected by abnormal factors, the investment may be valued on the basis of its average market value over any reasonable period;

(v) where the market value of any security, share, debenture, bond or other investment is not ascertainable, only such value, if any, shall be taken into account as is considered reasonable having regard to the financial position of the issuing concern, the dividend paid by it during the preceding five years and other relevant factors;

(d) the amount of advances (including loans, cash credits, overdrafts, bills purchased and discounted) and other debts, whether secured or unsecured, to the extent to which they are reasonably considered recoverable, having regard to the value

REPEATED

of the security, if any, the operations on the account; the reported worth and respectability of the borrower, the prospects of realisation and other relevant considerations;

(e) the value of any land or buildings;

(f) the total amount of the premia paid, in respect of all leasehold properties, reduced in the case of each such premium by an amount which bears to such premium the same proportion as the expired term of the lease in respect of which such premium shall have been paid bears to the total term of the lease;

(g) the written down value as per books, or the realisable value, as may be considered reasonable; of all furniture, fixtures and fittings;

(h) the market or realisable value, as may be appropriate, of other assets appearing on the books of the bank, no value being allowed for capitalised expenses, such as share selling commission, organisational expenses and brokerage losses incurred and similar other items.

*Part II.—Liabilities*

For the purposes of this Part, "liabilities" means the total amount of all outside liabilities existing on the appointed day, and all contingent liabilities which the Central Government or the transferee bank may reasonably be expected to be required to meet out of its own resources on or after the appointed day and where the acquired bank is a banking company incorporated outside India, includes the liabilities of the offices and branches in India of the acquired bank to its offices and branches outside India.

2. If the acquired bank is not incorporated in India the assets or, as the case may be, the liabilities of the bank shall be, for the purposes of Part I and Part II, and subject to the other provisions therein, the assets and liabilities of the offices of the bank situated in India.

COMPENSATION PAYABLE TO SHAREHOLDERS

3. Every shareholder of the acquired bank to whom the compensation is payable, shall be given such amount as compensation as bears to the total compensation, calculated in accordance with the provisions of paragraph 1, the same proportion as the amount of paid-up capital of the shares held by the shareholder bears to the total paid-up capital of the acquired bank.

CERTAIN DIVIDENDS NOT TO BE TAKEN INTO ACCOUNT

4. No separate compensation shall be payable for any profits or any dividend in respect of any period immediately preceding the appointed day, for which, in the ordinary course, profits would have been transferred or dividend declared after the appointed day.

CHAPTER III

AMENDMENTS TO THE RESERVE BANK OF INDIA ACT, 1934

2 of 1934.

23. In the Reserve Bank of India Act, 1934 (hereinafter in this Chapter referred to as the principal Act), in section 2,—

Amendment of section 2.

(a) to clause (cii), the following proviso shall be added, namely:—

“Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose.”;

(b) to clause (ciii), the following proviso shall be added, namely:—

“Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose.”;

(c) to clause (civ), the following proviso shall be added, namely:—

“Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose.”;

24. In section 17 of the principal Act,—

(1) in the proviso to clause (3A)—

Amendment of section 17.

(a) for sub-clause (b) of clause (i), the following sub-clause shall be substituted, namely:—

“(b) maturing not later than one hundred and eighty days from the date of the loan or advance, and

it will, so long as any part of such loans and advances remains unpaid, continue to hold such bills of exchange of a value not less than the amount of such loans or advances outstanding for the time being; or”;

(b) for clause (ii), the following clause shall be substituted, namely:—

“(ii) it has granted a pre-shipment loan or advance to an exporter or any other person in India in order to enable him to export goods from India, the amount of the loan or advance drawn and outstanding at any time being not less than the outstanding amount of the loan or advance obtained by the borrowing bank from the Bank.”;

(2) for clause (11A), substitute —

“(11A) the acting as agent for the Central Government,—

(a) in guaranteeing the due performance by any small-scale industrial concern, approved by the Central Government, of its obligations to any bank or other financial institution in respect of loans and advances made, or other credit facilities provided, to it by such bank or other financial institution and the making as such agent of payments in connection with such guarantee, and

(b) in administering any scheme for subsidising the rate of interest or other charges in relation to any loans or advances made, or other credit facilities provided, by banks or other financial institutions for the purpose of financing or facilitating any export from India and the making as such agent of payments on behalf of the Central Government.”;

(3) in clause (12), for the words “gold coin and bullion”, the words “gold or silver coins and gold and silver bullion” shall be substituted;

(4) after clause (15A), the following clause shall be inserted, namely:—

“(15B) the providing of facilities for training in banking and for the promotion of research, where, in the opinion of the Bank, such provision may facilitate the exer-

cise by the Bank of its powers and functions, or the discharge of its duties.”.

25. For section 24 of the principal Act, the following section shall be substituted, namely:—

Amendment of section 24.

“24. (1) Subject to the provisions of sub-section (2), bank notes shall be of the denominational values of two rupees, five rupees, ten rupees, twenty rupees, fifty rupees, one hundred rupees, five hundred rupees, one thousand rupees, five thousand rupees and ten thousand rupees or of such other denominational values, not exceeding ten thousand rupees, as the Central Government may, on the recommendation of the Central Board, specify in this behalf.

Denominations of notes.

(2) The Central Government may, on the recommendation of the Central Board, direct the non-issue or the discontinuance of issue of bank notes of such denominational values as it may specify in this behalf.”.

26. In section 33 of the principal Act, in sub-section (4), for the figures and word “2·88 grains”, the figures and word “0·118489 grammes”, and for the words “at the market rate”, the words “at rates not exceeding the market rates” shall be substituted.

Amendment of section 33.

27. In section 45I of the principal Act, to clause (c), the following *Explanation* shall be added, namely:—

Amendment of section 45I.

4 of 1938.

“*Explanation.*—For the removal of doubts, it is hereby declared that a company registered under section 3 of the Insurance Act, 1938, for any class of insurance business and a company, not being a banking company, a corporation or a firm, carrying on, as its principal business, the management, conduct or supervision, as the foreman or agent, of any transaction or arrangement by which it enters into an agreement with a number of subscribers that every one of them shall subscribe a certain sum by instalments for a definite period and that each subscriber in his turn, as determined by lot or by auction or by tender or in such other manner as provided for in the agreement, shall be entitled to a prize amount shall be deemed to be, a financial institution as defined in this clause.”.

Insertion of new section 54AA.

28. After section 54A of the principal Act, the following section shall be inserted, namely:—

Power of Bank to depute its employees to other institutions.

54AA. (1) The Bank may, notwithstanding anything contained in any law for the time being in force or in any contract, depute any member of its staff for such period as it may think fit to any institution which is either wholly or substantially owned by the Bank, and thereupon the person so deputed shall, during the period of his deputation, render such service to the institution as that institution may require.

(2) Where a person has been deputed to an institution under sub-section (1), he shall not be entitled to claim any salary, emoluments and other terms and conditions of service which he would not have been entitled to claim if he had not been so deputed.

(3) Nothing contained in this section shall empower the Bank to depute any member of its staff to any institution on any salary, emoluments or other terms and conditions which is or are less favourable to him than that or those to which he is entitled immediately before such deputation.

(4) For the purposes of this section, an institution shall be deemed to be substantially owned by the Bank if in the capital of the institution the Bank has not less than forty per cent share.

*Explanation.*—The word “capital” means, in relation to the Unit Trust, the initial capital of that Trust.

CHAPTER IV

AMENDMENTS TO THE STATE BANK OF INDIA ACT, 1955

Amendment of section 33.

29. In the State Bank of India Act, 1955 (hereinafter in this Chapter referred to as the principal Act), in section 33,— 23 of 1955.

(a) in sub-clause (f) of clause (i), for the words “goods which are hypothecated”, the words “goods or other assets which are hypothecated or assigned” shall be substituted;

(b) in clause (xviii), for the words “six months”, the words “twelve months” shall be substituted;

(c) in clause (xixb),—

(i) for the words “the advancing or lending of money to”, the words “the advancing or lending of money to, or



discounting or purchase of any negotiable instrument on behalf of," shall be substituted;

(ii) for the words "in excess of six months but not exceeding ten years", the words "in excess of twelve months but not exceeding fifteen years" shall be substituted;

(d) in clause (xixc), for the words "six months", the words "twelve months" shall be substituted.

30. In section 34 of the principal Act,—

(a) in clause (a) of sub-section (1), for the words "six months", the words "twelve months" shall be substituted;

Amendment of section 34.

(b) in sub-section (3),—

(1) for sub-clause (ii) of clause (b) (excluding the proviso), the following sub-clause shall be substituted, namely:—

"(ii) save as otherwise provided in this Act, twelve months from the date aforesaid if the instrument or security is drawn or issued for any other purpose:";

(2) in the proviso, for the words "six months," the words "twelve months," shall be substituted.

THE ESSENTIAL SERVICES MAINTENANCE  
ACT, 1968

No. 59 OF 1968

[28th December, 1968]

An Act to provide for the maintenance of certain essential services and the normal life of the community.

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

Short title,  
extent and  
duration.

1. (1) This Act may be called the Essential Services Maintenance Act, 1968.

(2) It extends to the whole of India:

Provided that it shall not apply to the State of Jammu and Kashmir except to the extent to which the provisions of this Act relate to Union employees.

(3) It shall cease to have effect on the expiry of three years from the date of commencement of this Act except as respects things done or omitted to be done before such cesser of operation of this Act, and section 6 of the General Clauses Act, 1897, shall apply upon such cesser of operation of this Act as if it had then been repealed by a Central Act. 10 of 18

Defini-  
tions.

2. (1) In this Act,—

(a) "essential service" means—

(i) any postal, telegraph or telephone service;

(ii) any railway service or any other transport service for the carriage of passengers or goods by land, water or air with respect to which Parliament has power to make laws;

(iii) any service connected with the operation or maintenance of aerodromes, or with the operation, repair or maintenance of aircraft;

(iv) any service connected with the loading, unloading, movement or storage of goods in any port;

(v) any service connected with the clearance of goods or passengers through the customs or with the prevention of smuggling;

(vi) any service in any mint or security press;

(vii) any service in any defence establishment of the Government of India;

(viii) any service in connection with the affairs of the Union, not being a service specified in any of the foregoing sub-clauses;

(ix) any other service connected with matters with respect to which Parliament has power to make laws and which the Central Government being of opinion that strikes therein would prejudicially affect the maintenance of any public utility service, the public safety or the maintenance of supplies and services necessary for the life of the community or would result in the infliction of grave hardship on the community, may, by notification in the Official Gazette, declare to be an essential service for the purposes of this Act;

(b) "strike" means the cessation of work by a body of persons employed in any essential service acting in combination or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment, and includes—

(i) refusal to work overtime where such work is necessary for the maintenance of any essential service;

(ii) any other conduct which is likely to result in, or results in, cessation or substantial retardation of work in any essential service.

(2) Every notification issued under sub-clause (ix) of clause (a) of sub-section (1) shall be laid before each House of Parliament immediately after it is made if it is in session and on the first day

of the commencement of the next session of the House if it is not in session, and shall cease to operate at the expiration of forty days from the date of its being so laid or from the re-assembly of Parliament, as the case may be, unless before the expiration of that period a resolution approving the issue of the notification is passed by both Houses of Parliament.

*Explanation.*—Where the Houses of Parliament are summoned to re-assemble on different dates, the period of forty days shall be reckoned from the later of those dates.

Power to prohibit strikes in certain employments.

3. (1) If the Central Government is satisfied that in the public interest it is necessary or expedient so to do, it may, by general or special Order, prohibit strikes in any essential service specified in the Order.

(2) An Order made under sub-section (1) shall be published in such manner as the Central Government considers best calculated to bring it to the notice of the persons affected by the Order.

(3) An Order made under sub-section (1) shall be in force for six months only, but the Central Government may, by a like Order, extend it for any period not exceeding six months if it is satisfied that in the public interest it is necessary or expedient so to do.

(4) Upon the issue of an Order under sub-section (1),—

(a) no person employed in any essential service to which the Order relates shall go or remain on strike;

(b) any strike declared or commenced, whether before or after the issue of the Order, by persons employed in any such service shall be illegal.

Penalty for illegal strikes.

4. Any person who commences a strike which is illegal under this Act or goes or remains on, or otherwise takes part in, any such strike shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to two hundred rupees, or with both.

Penalty for instigation, etc.

5. Any person who instigates, or incites other persons to take part in, or otherwise acts in furtherance of, a strike which is illegal under this Act shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to one thousand rupees, or with both.

Penalty for giving financial aid to illegal strikes.

6. Any person who knowingly expends or supplies any money in furtherance or support of a strike which is illegal under this Act shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to one thousand rupees, or with both.

- 5 of 1898. 7. Notwithstanding anything contained in the Code of Criminal Procedure, 1898, any police officer may arrest without warrant any person who is reasonably suspected of having committed any offence under this Act. Power to arrest without warrant.
- 14 of 1947. 8. The provisions of this Act and of any Order issued thereunder shall have effect notwithstanding anything inconsistent therewith contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force. Act to override other laws.
- 9 of 1968. 9. (1) The Essential Services Maintenance Ordinance, 1968, is hereby repealed. Repeal and saving.
- (2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act, as if this Act had come into force on the 13th day of September, 1968.

NOT CORRECTED: SEE INDIA CODE  
Vol. IV.A, Part 1, P. 163

**THE STATE AGRICULTURAL CREDIT CORPORATIONS  
ACT, 1968**

**ARRANGEMENT OF SECTIONS**

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NOT CORRECTED: SEE INDIA CODE

Vol. IV. A., Pt. I. p. 162

THE STATE AGRICULTURAL CREDIT CORPORATIONS  
ACT, 1968

No. 60 OF 1968

[29th December, 1968.]

An Act to provide for the establishment in the States and Union territories of Agricultural Credit Corporations and for matters connected therewith or incidental thereto.

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

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the State Agricultural Credit Corporations Act, 1968.

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, and different dates may be appointed for different States or for different Union territories.

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

Definitions.

(a) "agricultural marketing society" means a co-operative society the objects of which include the marketing of agricultural produce;

(b) "agricultural operation" includes animal husbandry, dairy farming, pisciculture and poultry farming.

*Explanation.*—The expression "pisciculture" includes the development of fisheries, both inland and marine, catching of fish and all activities connected therewith or incidental thereto;

(c) "agricultural processing society" means a co-operative society the objects of which include the processing of agricultural produce;

(d) "agricultural produce" includes the produce of an agricultural operation;

(e) "appropriate Government" means,—

(i) in relation to any Corporation established in a Union territory, the Central Government, and

(ii) in relation to any Corporation established at any other place, the State Government;

(f) "banking company" has the meaning assigned to it in clause (c) of section 5 of the Banking Regulation Act, 1949; 10 of 1949.

(g) "Board" means the Board of directors of the Corporation;

(h) "co-operative farming society" means a co-operative society the objects of which include the cultivation of land on a co-operative basis;

(i) "Corporation", in relation to a State or Union territory, means the Agricultural Credit Corporation established under section 3 in that State or Union territory, as the case may be;

(j) "director" means a member of the Board;

(k) "Food Corporation" means the Food Corporation of India established under the Food Corporations Act, 1964; 37 of 1964.

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

(m) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934; 2 of 1934.

(n) "subsidiary bank" has the meaning assigned to it in the State Bank of India (Subsidiary Banks) Act, 1959; 38 of 1959.

(o) "Central Co-operative Bank", "Co-operative Bank", "Co-operative Society", "Primary Agricultural Credit Society", "Scheduled Bank", "State Bank" and "State Co-operative Bank", have the meanings respectively assigned to them in section 2 of the Reserve Bank of India Act, 1934. 2 of 1934.

↳ Ins. by Act 5 of 1970, s. 20 (w. e. j. 19.7.69)

CHAPTER II

INCORPORATION OF STATE AGRICULTURAL CREDIT CORPORATIONS AND THEIR CAPITAL

3. (1) The appropriate Government may, by notification in the Official Gazette, establish in any State or Union territory an Agricultural Credit Corporation under such name as may be specified in the notification:

Establishment of State Agricultural Credit Corporations.

Provided that no such Corporation shall be established in any State or Union territory other than the States of Assam, Bihar, Orissa, Rajasthan and West Bengal and the Union territories of Manipur and Tripura, except with the previous approval of the Central Government, and no such approval shall be given by the Central Government except after consultation with the Reserve Bank.

(2) The Corporation established under this Act shall be a body corporate by the name specified in the notification referred to in sub-section (1), having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, and to contract, and may by that name sue or be sued.

4. (1) The Corporation shall establish its head office at such place in the State or Union territory as the appropriate Government may, after consultation with the Reserve Bank, specify.

Head office and other offices.

(2) The Corporation may, after consultation with the appropriate Government, establish offices or agencies at other places in the State or Union territory, as the case may be.

5. (1) The authorised capital of each Corporation shall be such sum as the appropriate Government may initially fix but it shall, in no case, be less than one crore of rupees or more than five crores of rupees:

Share capital and shareholders.

Provided that where the authorised capital initially fixed is less than five crores of rupees, the appropriate Government may, from time to time, increase the authorised capital to such sum not exceeding five crores of rupees:

Provided further that where the appropriate Government is not the Central Government, the initial fixation of the authorised capital and any subsequent increase or reduction thereof, shall be made with the prior approval of the Central Government.

(2) The authorised capital of each Corporation shall be divided into such number of shares as the appropriate Government may determine and shall be issued as fully paid-up shares to the parties mentioned in sub-section (3) at such times and in such manner and to such extent as the appropriate Government may determine and each of such shares shall have the same face value.

(3) Out of the capital issued under sub-section (2),—

(a) in the case of a Corporation established in a State, the Central Government shall subscribe for thirty per cent. of the share capital, and in the case of a Corporation established in a Union territory, the Central Government shall subscribe for fifty per cent. of the share capital;

(b) the Reserve Bank shall subscribe for twenty per cent. of the share capital;

(c) in the case of a Corporation established in a State, the State Government shall subscribe for twenty per cent. of the share capital;

(d) the Food Corporation, State Bank, subsidiary banks, <sup>↓ [Corresponding new banks]</sup> and banking companies may subscribe for, in the aggregate, thirty per cent. of the share capital:

Provided that none of the said parties shall subscribe for more than fifteen per cent. of the share capital.

(4) The parties referred to in sub-section (3) shall subscribe for the shares before such date as may be specified in this behalf by the Central Government by notification in the Official Gazette.

(5) Subject to the provisions of sub-section (3), the Central Government shall determine the number of shares which are to be allotted to the parties referred to in clause (d) of that sub-section:

Provided that if any of the parties referred to in clause (d) of sub-section (3) fails to subscribe, by the date specified by the Central Government under sub-section (4), for any share allotted to it, such share shall be subscribed for by the Central Government, the Reserve Bank and the appropriate Government in such proportions as may be determined by the Central Government:

Provided further that the shares subscribed for by the Central Government, the Reserve Bank and the appropriate Government, in pursuance of the provisions of the foregoing proviso, may be transferred to any party who is eligible under clause (d) of sub-section (3) to subscribe for such shares in the first instance, so, however, that the total number of shares held by any of the parties referred

↓ Ins. by Act 5 of 1970, S. 20 (w.e.f. 19.7.69),

to in that clause does not exceed fifteen per cent. of the share capital of the Corporation.

6. Save as otherwise provided in the second proviso to sub-section (5) of section 5, the shares of the Corporation shall not be transferable.

Restrictions on transfer of shares.

### CHAPTER III

#### MANAGEMENT OF THE CORPORATION

7. (1) The general superintendence, direction and management of the affairs and business of the Corporation shall vest in a Board of directors who may exercise all the powers and discharge all the functions which may be exercised or discharged by the Corporation other than those which are expressly directed or required by this Act to be done by the Corporation in general meeting.

Management.

(2) The Board in discharging its functions shall act on business principles, regard being had to public interest.

8. In the discharge of its functions, the Corporation shall be guided by such directions in matters of policy involving public interest as the Central Government may, in consultation with the Reserve Bank, give to it in writing and, if any question arises whether a direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

Corporation to be guided by directions of Central Government.

9. The Board of directors of the Corporation shall consist of the following, namely:—

Constitution of Board.

(a) one director to be nominated by the Central Government who shall be the Chairman of the Board;

(b) two directors nominated by the appropriate Government, one of whom shall be a person who has special knowledge of co-operation and who is not an employee of the Central or State Government or of the Reserve Bank, State Bank, subsidiary bank, banking company, or Food Corporation;

(c) one director to be nominated by the Reserve Bank;

(d) two directors to be elected in such manner as may be prescribed by the parties subscribing for shares in pursuance of the provisions of clause (d) of sub-section (3), and sub-section (5) of section 5;

(e) a managing director, to be appointed by the Central Government and, except in the case of first appointment, after consultation with the Board:

↓ Ins. by Act 5 of 1970, s. 20 (w.e.f. 19.7.69).

[Corresponding new bank.] ↓

Provided that, in appointing a managing director of a Corporation established in a State, the Central Government may also consult the Government of that State.

Managing  
director.

10. (1) The managing director shall—

(a) be a whole-time officer of the Corporation;

(b) perform such duties as the Board may, by regulations or otherwise, assign to him;

(c) hold office for such term, not exceeding three years, as the Central Government may specify at the time of the appointment and be eligible for re-appointment;

(d) receive such salary and allowances and be governed by such terms and conditions of service as the Central Government may—

(i) in the case of first appointment determine, or

(ii) in the case of any subsequent appointment, determine after consultation with the Board.

(2) The Central Government may, after consultation with the Board and for sufficient cause, remove the managing director from office.

Provided that no managing director shall be so removed unless he has been given an opportunity of showing cause against his removal.

(3) If the managing director is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Central Government may, after consultation with the Board, appoint another person to act in his place during his absence.

Term of  
office of  
directors  
other  
than ma-  
naging  
director.

11. (1) A nominated director, other than the managing director, shall hold office during the pleasure of the authority nominating him and the period of such office, unless terminated earlier, shall be two years.

Provided that a nominated director shall be eligible for re-nomination.

(2) An elected director shall hold office for a period of two years from the date of his election;

Provided that an elected director shall continue in office until the election of his successor.

12. No person shall be a director, who,—

Disqualifications.

(a) except in the case of the managing director, is a salaried official of the Corporation, or

(b) is, or at any time has been, adjudged insolvent or has suspended payment of his debts or has compounded with his creditors, or

(c) is of unsound mind and stands so declared by a competent court, or

(d) is or has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude.

13. (1) If a director,—

(a) becomes subject to any disqualification specified in section 12, or

Vacation of seats of directors.

(b) is absent without leave of the Board for more than three consecutive meetings thereof,

his seat shall thereupon become vacant.

(2) The managing director or any other director may resign his office by giving notice thereof in writing to the authority by which he was appointed or nominated, or if he is a director elected under clause (d) of section 9, to the Board, and on such resignation being accepted, shall be deemed to have vacated his office.

14. (1) The Board may constitute an Executive Committee consisting of the Chairman of the Board, who shall be the Chairman thereof, the managing director and two other directors, one of whom shall be a person nominated by the appropriate Government under clause (b) of section 9.

Executive Committee and other committees of the Corporation.

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

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

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

Meetings of Board and committees.

(2) Three directors personally present at any meeting of the Board and two members personally present at a meeting of a committee shall be the quorum for such meeting.

(3) If, for any reason, the Chairman of the Board or of any committee is unable to attend any meeting of the Board or the Committee, as the case may be, the members present at the meeting shall elect one of them to preside at the meeting.

(4) If for any reason a director nominated under clause (a), clause (b) or clause (c) of section 9 is unable to attend any meeting of the Board or of any committee if he is a member thereof, the Government or the Reserve Bank by which such director was nominated may depute any other person to attend such meeting and the person so deputed shall, for the purposes of the said meeting, be deemed to be a director nominated under clause (a), clause (b) or clause (c), as the case may be, of the said section 9 or a member of the committee concerned.

(5) All questions which may come up before any meeting of the Board or a committee shall be decided by a majority of votes of the members present, and in the event of an equality of votes, the Chairman of the Board or of the Committee, as the case may be, or in his absence the person presiding, shall have a second or casting vote.

Directors of Board or members in a committee not to vote in certain cases.

16. Every director or member of a committee who has any direct or indirect pecuniary or other interest in any matter coming up for consideration at a meeting of the Board or a committee shall, as soon as possible, after the relevant facts or circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure so made shall be recorded in the minutes of the meeting of the Board or of the Committee, as the case may be, and no such director or member shall thereafter take any part in any deliberation or decision of the Board or committee with respect to that matter nor shall his presence at such meeting be taken into account for the purpose of determining the quorum for the meeting at the time of such deliberation or voting, and if he does vote, his vote shall be void:

Provided that nothing contained in this section shall apply to such director or member of a committee by reason only of his being a shareholder holding not more than two per cent. of the paid-up



NOT CORRECTED; SEE INDIA CODE

OF 1968]

State Agricultural Credit Corporation. p. 162, 491

of 1956.

capital in any public company as defined in the Companies Act, 1956, or in any other Corporation established by any law for the time being in force in India or in any co-operative society, with which or to which the Corporation has entered into or made, or proposes to enter into or make, a contract, loan, arrangement or proposal.

17. (1) No act or proceeding of the Board or of any of its committees shall be questioned or be invalid on the ground merely of the existence of any vacancy in, or any defect in the constitution of, the Board or the committee, as the case may be.

Defects in appointments not to invalidate acts, etc.

(2) No act done by any person acting in good faith as a director or member of any committee shall be deemed to be invalid merely on the ground that he was disqualified to be a director or member or that there was any other defect in his nomination or appointment.

18. Every director and every member of a committee shall be paid such fees and allowances as the Board may, by regulations, determine, for attending the meetings of the Board or, as the case may be, any of its committees, or attending to any other work of the Corporation:

Fees and allowances of directors and members of committees.

Provided that no fees shall be paid to the Chairman, managing director or any other director, if he is an officer of the Government, Reserve Bank, State Bank, subsidiary bank, banking company or Food Corporation.

[Corresponding new banks,] ↓

#### CHAPTER IV

##### BUSINESS AND FUNDS OF THE CORPORATION

19. Subject to the provisions of this Act, the Corporation may transact the following kinds of business, namely:—

Business which the Corporation may transact.

(a) the granting of loans and advances, repayable within a period, not exceeding five years, to agriculturists, agricultural marketing societies, agricultural processing societies, Central Co-operative Banks, co-operative farming societies or primary agricultural credit societies for agricultural operations or for such other operations connected therewith as the Board may by regulations determine;

(b) the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway

↳ Ins. by Act 5 of 1970, s. 2 (w.e.f. 19.7.69)

receipts, warrants, debentures, certificates, scrips and other instruments, and securities whether transferable or negotiable or not;

(c) the granting and issuing of letters of credit and acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds;

(d) the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others, the negotiating of loans and advances, the receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise, providing of safe deposit vaults, and collecting and transmitting money and securities;

(e) the carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges;

(f) the entering into contracts of indemnity, suretyship or guarantee with specific security or otherwise;

(g) receiving in consideration of the services mentioned in clauses (b), (c), (d), (e) and (f) such commission as may be agreed upon;

(h) managing or selling of any property which may come into the possession of the Corporation in satisfaction or part satisfaction of any of its claims;

(i) acquiring or holding of any property or any right, title or interest in any property which may form the security or a part of the security for any loan or advance or which may be connected with any business of the Corporation;

(j) any other kind of business which the Central Government may, on the recommendation of the Reserve Bank, authorise;

(k) generally the doing of such things and matters as may be incidental to or consequential upon the discharge of its functions under this Act.

Borrow-  
ing by  
the Cor-  
poration.

20. Subject to the provisions of this Act, the Corporation may, for the purposes of carrying out of its functions under this Act,—

(a) re-discount with or sell to the Reserve Bank or borrow money from that Bank and for that purpose, the Corporation shall be deemed to be a State Co-operative Bank within the

2 of 1934.

meaning of clause 2(a), clause 2(b), clause 2(bb) and clause (4) of section 17, sub-section (2) of section 46A and sub-section (2) of section 46B of the Reserve Bank of India Act, 1934;

(b) borrow money from the Central Government or the State Government or such other authority or institution as approved in this behalf by the Central Government, on such terms and conditions as may be agreed upon.

21. The Corporation may, with the prior approval of the Reserve Bank, accept deposits from the appropriate Government, a local authority or any other person whether incorporated or not.

Deposits with the Corporation.

22. The aggregate of the amounts borrowed and deposits accepted by the Corporation and outstanding shall not at any time exceed ten times the amount of the paid-up share capital and the reserve fund of the Corporation or, with the prior approval of the Central Government, fifteen times the amount of such paid-up share capital and reserve fund.

Limits on borrowings and deposits.

23. The Corporation shall establish two separate funds, namely:—

Corporation to maintain two funds.

(a) Agricultural Credit (Stabilisation) Fund (hereinafter referred to as Stabilisation Funds), and

(b) Reserve Fund.

24. (1) To the Stabilisation Fund shall be credited such sum, not being less than ten and not more than fifteen per cent. as the Corporation may deem fit from out of its net annual profits before declaring a dividend.

Stabilisation Fund.

(2) Subject to such conditions as may be specified by the Board by regulations, the amount lying to the credit of the Stabilisation Fund shall be utilised solely for the purpose of making loans or advances with a view to enabling any co-operative society or other person to pay its or his dues in cases where, in the opinion of the Corporation, such society or other person is unable to pay such dues in time owing to drought, famine or other natural calamities.

25. (1) To the Reserve Fund shall be credited such sums not being more than fifteen per cent. as the Corporation may deem fit out of its net annual profits before declaring a dividend.

Reserve Fund.

(2) The amounts lying to the credit of the Reserve Fund shall be utilised solely for such purposes as the Board may by regulations specify.

Payment  
of divi-  
dend.

26. After making provision for bad and doubtful debts, depreciation of assets and all other matters which are usually provided for by bankers, and after crediting to the Stabilisation Fund under section 24 and to the Reserve Fund under section 25, the Corporation may, out of its annual net profits, declare a dividend.

Invest-  
ment of  
surplus  
funds.

27. All moneys belonging to the Corporation which may not, for the time being be required by it shall be—

(a) deposited with the Reserve Bank or with any agency of the Reserve Bank or in consultation with the Reserve Bank with a Scheduled Bank, State Co-operative Bank or Central Co-operative Bank; or

(b) invested in the securities of the Central Government or any State Government or in securities in which a trustee may invest money under clause (a), clause (b), clause (bb), clause (c) or clause (d) of section 20 of the Indian Trusts Act, 1882; or <sup>2 of 1882.</sup>

(c) utilised in such other manner as may be approved by the Reserve Bank.

Recovery  
of moneys  
due to  
the Cor-  
poration.

28. Where any amount is due to the Corporation in respect of loans or advances or other financial accommodation granted by it to any person, the Corporation or any person authorised by it in writing in this behalf, may, without prejudice to any other mode of recovery, make an application to the appropriate Government for the recovery of the amount due to it, and if the appropriate Government, or such authority, as that Government may specify in this behalf, is satisfied, after following such procedure as may be prescribed, that any amount is so due, it may issue a certificate for that amount to the Collector, and the Collector shall proceed to recover that amount in the same manner and under the same condition as if it were an arrear of land revenue.

Acquisi-  
tion or  
transfer  
by the  
Corpora-  
tion of  
business,  
assets  
and lia-  
bilities  
from or  
to co-ope-  
rative  
societies.

29. (1) Subject to the provisions of any law relating to co-operative societies for the time being in force, the Corporation may—

(a) acquire the whole or any part of the business, including the assets and liabilities of a co-operative society;

(b) transfer the whole or any part of its business, including its assets or liabilities to a co-operative society.

(2) The terms and conditions relating to such acquisition or transfer, if agreed upon by the Board and the co-operative society

concerned shall be submitted to the Reserve Bank for its approval and that Bank may by order in writing (hereafter in this section referred to as the order of approval) accord its approval thereto:

Provided that where such acquisition or transfer involves the acquisition of the assets of the co-operative society or a transfer of the liabilities of the Corporation to the co-operative society, no such approval shall be accorded by the Reserve Bank, unless it is satisfied that—

(i) the co-operative society has given notice of the proposed acquisition or transfer, in such manner as may be provided under the law relating to co-operative societies applicable to it, to all its members and creditors, giving them the option, of demanding payment of their share or dues, as the case may be, and

(ii) all the members and creditors have assented to the proposal or deemed to have assented thereto by virtue of any member or creditor failing to exercise his option within such period as may be specified in accordance with such law relating to co-operative societies for the time being in force.

(3) The terms and conditions as approved by the Reserve Bank shall come into effect from the date specified by the Bank in this behalf in the order of approval and be binding upon the Corporation and its shareholders and creditors and if such law relating to co-operative societies so provides be binding also upon the co-operative society and its shareholders and creditors.

(4) If for any reason the terms and conditions cannot come into effect on the date specified in the order of approval, the Reserve Bank may fix another suitable date for that purpose.

(5) On the date on which the terms and conditions as aforesaid come into effect, the business, assets and liabilities of the Corporation, or as the case may be, the co-operative society concerned, shall, by virtue of and in accordance with the provisions of the aforesaid order of approval, and if such law relating to co-operative societies so provides, stand transferred to, and become the business, assets and liabilities of the co-operative society or the Corporation, as the case may be.

## CHAPTER V

## GENERAL MEETINGS

General  
meet-  
ings.

30. (1) A general meeting (in this Act referred to as an annual general meeting) of the Corporation shall be held at the Head Office of the Corporation within three months from the date on which the annual accounts of the Corporation are closed, and any other general meeting may be convened by the Board at any other time.

Provided that the Central Government may extend the time within which any annual general meeting shall be held, by a period not exceeding one month.

(2) The shareholders present at an annual general meeting shall be entitled to discuss the balance-sheet and profit and loss account of the Corporation, the report of the Board on the working of the Corporation for the period covered by the accounts and the auditor's report on the balance-sheet and accounts.

## CHAPTER VI

## ACCOUNTS, AUDIT AND RETURNS

Accounts.

31. (1) The balance-sheet and accounts including the profit and loss account of the Corporation shall be prepared and maintained in such form and manner as may be prescribed.

(2) The Board shall cause the books and accounts of the Corporation to be balanced and closed on the thirtieth day of June each year.

Audit.

32. (1) The accounts of the Corporation shall be audited by an auditor duly qualified to act as auditor under sub-section (1) of section 226 of the Companies Act, 1956 who shall be appointed by the Board with the previous approval of the Reserve Bank and shall receive such remuneration from the Corporation as the Board may, with the approval of the Reserve Bank, fix:

1 of 1956.

Provided that the first auditor shall be appointed by the Central Government within one month from the establishment of the Corporation on such terms and conditions as the Central Government may determine.

(2) The auditor so appointed shall hold office from the conclusion of the annual general meeting of the Corporation until the conclusion of the next annual general meeting:

Provided that the first auditor shall hold office until the conclusion of the first annual general meeting.

(3) The Corporation shall supply its auditor with a copy of its annual balance-sheet and it shall be the duty of the auditor to examine such balance-sheet together with the accounts and vouchers relating thereto and he shall have a list delivered to him of all books kept by the Corporation and shall at all reasonable times have access to the books, accounts, vouchers and other documents of the Corporation.

(4) The auditor may, in relation to the accounts of the Corporation of which he is the auditor, examine any director or any officer or employee of the Corporation and shall be entitled to require from the officers of the Corporation such information and explanation as he may think necessary for the performance of his duties.

(5) The auditor shall make a report to the Corporation upon the annual balance-sheet and accounts examined by him and in every such report he shall state whether in his opinion the accounts exhibit a true and fair view,—

(a) in the case of the balance-sheet, of the state of affairs of the Corporation at the end of the year, and

(b) in the case of the profit and loss account, of the profit or loss for the year, and, in case he had called for any explanation or information from the Board, whether it has been given and whether it is satisfactory.

(6) Without prejudice to anything contained in the preceding sub-sections, the Comptroller and Auditor-General of India may, if so requested by the Central Government, examine and report upon the accounts of the Corporation and any expenditure incurred by him in connection with such examination and report shall be payable by such Corporation to the Comptroller and Auditor-General of India.

33. (1) The Corporation shall furnish, from time to time, to the appropriate Government and to the Reserve Bank such returns as the appropriate Government or the Reserve Bank may require. Returns.

(2) The Corporation shall furnish to all its shareholders within three months from the date on which the annual accounts of the Corporation are closed, or within such further time not exceeding one month as the Central Government may specify, a copy of the balance-sheet as at the close of that year and a profit and loss account for the year, the auditor's report and a report of the Board on

the working of the Corporation during the year, and copies of the said balance-sheet, profit and loss account and reports shall be published in the Official Gazette.

(3) The Corporation shall furnish a statement in such form as may be prescribed of its assets and liabilities as at the close of business on the last Friday of each month or if that day is a public holiday under the Negotiable Instruments Act, 1881, as at the close of business at the preceding working day, to the Reserve Bank within ten days from the date to which the statement relates. <sup>26 of 1881.</sup>

## CHAPTER VII

### APPLICATION OF CERTAIN ACTS TO THE CORPORATION

Certain provisions of the Banking Regulation Act, 1949, to apply to the Corporation.

34. The provisions of sections 8, 9, 20, 20A, 21, 23, 24, 26, 34A, 35 [excluding sub-section (4)], 35A, clause (a) of sub-section (1) of section 36, and sections 46, 47, 50, 53 and 54 of the Banking Regulation Act, 1949, shall apply to or in relation to the Corporation as they apply to or in relation to co-operative banks. <sup>10 of 1949.</sup>

Certain provisions of the Reserve Bank of India Act, 1934, to apply to the Corporation.

35. The provisions of sections 18 and 42 of the Reserve Bank of India Act, 1934, shall apply to or in relation to the Corporation as they apply to or in relation to a State Co-operative Bank. <sup>2 of 1934.</sup>

Reserve Bank of India Act, 1934 and Banking Regulation Act, 1949, not to apply except as otherwise provided.

36. Save as otherwise provided in this Act, nothing contained in the Reserve Bank of India Act, 1934 and the Banking Regulation Act, 1949, shall apply to or in relation to the Corporation. <sup>2 of 1934. 10 of 1949.</sup>



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- 18 of 1891. 37. The Bankers' Books Evidence Act, 1891, shall apply to or in relation to the Corporation as it applies to or in relation to a bank as defined in section 2 of that Act. The Bankers' Books Evidence Act, 1891 to apply.
- 43 of 1961. 38. For the purposes of the Income-tax Act, 1961, or any other enactment for the time being in force relating to any tax on income, profits or gains the Corporation shall be deemed to be a co-operative society. Corporation to be deemed to be a co-operative society for the purposes of Income-tax Act, 1961.
- 1 of 1872. 39. Notwithstanding anything contained in the Indian Evidence Act, 1872, or any other law for the time being in force, no Court, Tribunal or other authority shall have power to require the Corporation, the Reserve Bank or any officer of the Corporation or the Reserve Bank to produce before such Court, Tribunal or other authority the report of any inspection, or any copy thereof, made by the Reserve Bank in pursuance of section 35 of the Banking Regulation Act, 1949, as applied to the Corporation under section 34. Court, Tribunal, etc., not to require production of report on inspection made by the Reserve Bank.
- 10 of 1949.

CHAPTER VIII

MISCELLANEOUS

40. Every director, member of a committee, auditor, officer or other employee of the Corporation shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule. Declaration of fidelity and secrecy.

41. (1) Every director shall be indemnified by the Corporation against all losses and expenses incurred by him in the discharge of his duties except such as are caused by his own wilful act or default. Indemnity of director.

(2) A director shall not be responsible for anything done or omitted to be done by any other director or officer or other employee of the Corporation or for any loss or expenses resulting to the Corporation by the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Corporation

in good faith, or by the wrongful act of any auditor or any person under obligation to the Corporation, or by anything done in good faith in the execution of the duties of his office or in relation thereto.

Protec-  
tion of  
action  
taken in  
good faith.

42. No suit or other legal proceeding shall lie against the Corporation or the Central or State Government or the Reserve Bank or any director or officer of the Corporation or of the Central or State Government or of the Reserve Bank or any other person authorised by the Corporation to discharge any functions under this Act, for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act.

Liquida-  
tion  
of the  
Corpora-  
tion.

43. (1) No provision of law relating to the winding up of companies or corporations shall apply to the Corporation and the Corporation shall not be placed in liquidation save by order of the Central Government made in consultation with the State Government and in such manner as it may direct.

(2) Without prejudice to the provisions of sub-section (1), any order made by the Central Government for the liquidation of a Corporation may provide for all matters for effectively winding up the affairs of the Corporation, including the repayment of capital, disposal of any fund established under this Act, the transfer of the business, property, assets and liabilities, rights, interests, privileges and obligations of whatever nature of the Corporation to such institution or institutions as the Central Government may direct and payment, receipt or disposal of compensation arising out of such transfer.

Reserve  
Bank to  
submit  
report.

44. The Reserve Bank shall, on the expiry of a period of three years, from the date of establishment of the Agricultural Credit Corporation in a State or Union territory and thereafter at an interval of three years and within such time as the Central Government may specify, submit a report to that Government as to the working of the Corporation and forward a copy thereof to the State Government concerned.

Staff  
of the  
Corpora-  
tion and  
delega-  
tion of  
powers.

45. (1) The Corporation may appoint such officers, advisers and employees as it considers necessary for the efficient performance of its function and determine, by regulations or otherwise, their conditions of appointment and service and the remuneration payable to them.

(2) The Board may, by general or special order, delegate to the Managing Director or to any other officer of the Corporation, subject to such conditions and limitations, if any, as may be specified, such of its powers and duties under this Act as it may deem necessary.

46. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

Power of the Central Government to make rules.

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

(a) functions which shall be discharged by the Executive Committee;

(b) rules of procedure with regard to the transaction of business at a meeting of the Board;

(c) rules of procedure with regard to the transaction of business at a meeting of any committee constituted by the Board;

(d) the procedure to be followed by the appropriate Government or the authority specified by the appropriate Government for issuing the certificate under section 28;

(e) the manner in which the general meeting shall be convened, the quorum therefor, the procedure to be followed thereat and the manner in which voting rights may be exercised;

(f) form and manner in which accounts shall be maintained the balance-sheet and profit and loss account shall be prepared;

(g) form in which statement of assets and liabilities shall be furnished;

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

(3) 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 successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, 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.

47. (1) The Board may, after consultation with the Reserve Bank, make regulations not inconsistent with the provisions of this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purposes of giving effect to the provisions of this Act.

Power of the Board to make regulations.

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

- (a) duties which the managing director shall perform;
- (b) fees and allowances which may be paid to every director for attending any meeting of the Board or any committee thereof or for attending to any other work of the Corporation;
- (c) duties, conduct, salaries and allowances and conditions of service of officers and other employees of the Corporation;
- (d) establishment and maintenance of provident and other benefit funds for the employees of the Corporation;
- (e) the delegation of powers and functions to the officers and employees of the Corporation;
- (f) the purposes connected with agricultural purposes for which the Corporation may grant loans and advances;
- (g) the conditions subject to which the amount in the Stabilisation Fund may be utilised;
- (h) the manner in which the amount in the Reserve Fund may be utilised;
- (i) conditions which the Corporation may impose on any loan or advance made by it;
- (j) any other matter which is, or may be, necessary for the efficient conduct of the affairs of the Corporation.

(3) Notwithstanding anything contained in sub-section (1), the Reserve Bank may at any time within three months from the commencement of this Act make regulations with regard to any of the matters specified in sub-section (2) but the regulations so made may be rescinded or modified by the Board in exercise of the powers conferred on it by sub-section (1).

Amend-  
ment of  
Act 10  
of 1963.

48. In clause (f) of section 2 of the Agricultural Refinance Corporation Act, 1963, after sub-clause (ii), the following sub-clause shall be inserted, namely:—

“(iii) an Agricultural Credit Corporation established under section 3 of the State Agricultural Credit Corporations Act, 1968.”.

NOT CORRECTED. SEE INDIA CODE

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THE SCHEDULE

(See section 40)

I....., do hereby declare that I will faithfully, truly and to the best of my judgment, skill and ability execute and perform the duties required of me as a director, officer, employee or auditor (as the case may be) of the Agricultural Credit Corporation and which properly relate to any office or position in the said Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Corporation nor will I allow such person to inspect or have access to, any books or documents belonging to, or in the possession of, the Corporation and relating to the business of the Corporation.

Signature

Signed before me.

Date.....

THE LEGISLATIVE ASSEMBLY OF NAGALAND  
(CHANGE IN REPRESENTATION) ACT, 1968

No. 61 OF 1968

[31st December, 1968.]

An Act to provide for a change in representation in the Legislative Assembly of Nagaland and for that purpose to make consequential amendments in the State of Nagaland Act 1962 and the Representation of the People Act, 1950.

Be it enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

Short  
title.

1. This Act may be called the Legislative Assembly of Nagaland (Change in Representation) Act, 1968.

Change  
in repre-  
sentation  
in the  
Legisla-  
tive As-  
sembly of  
Naga-  
land.

2. For the period referred to in clause (2) of article 371A of the Constitution, the total number of seats allotted to the Legislative Assembly of Nagaland shall be increased from forty-six to fifty-two, of which—

(a) the seats allocated to the Tuensang district shall be increased from six to twelve and shall be filled by persons chosen by the members of the regional council, referred to in that article, from amongst themselves in such manner as the Governor of Nagaland, after consulting that council may, by notification in the Official Gazette, specify, and

(b) the remaining forty seats shall be filled by persons chosen by direct election from assembly constituencies in the rest of the State of Nagaland.

~~4 XXX~~ 3. In the proviso to sub-section (1) of section 11 of the State of Nagaland Act, 1962,—

Amend-  
ment of  
Act 27  
of 1962.

- (i) for the figures "46", the figures "52" shall be substituted;
- (ii) for the words "six seats", the words "twelve seats" shall be substituted.

4. In the Representation of the People Act, 1950,—

Amend-  
ment of  
Act 43  
of 1950.

(a) in the proviso to sub-section (1) of section 7,—

(i) for the word "forty-six", the word "fifty-two" shall be substituted;

(ii) for the words "six seats", the words "twelve seats" shall be substituted;

(b) in the Second Schedule, in the entries relating to "11. Nagaland", in column 5, for the figures "46", the figures "52" shall be substituted.

5. Nothing in this Act shall affect any representation in the present Legislative Assembly of Nagaland until its dissolution.

Saving  
as to  
present  
Legisla-  
tive  
Assembly.

↳ Repealed by Act 56 of 1974, S. 24 Sch. I

✓ 1968

THE INSURANCE (AMENDMENT) ACT, 1986

No. 62 OF 1968

[31st December, 1968]

An Act further to amend the Insurance Act, 1938, so as to provide for the extension of social control over insurers carrying on general insurance business and for matters connected therewith or incidental thereto, and also to amend the Payment of Bonus Act, 1965.

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

Short  
title and  
com-  
mence-  
ment.

1. (1) This Act may be called the Insurance (Amendment) Act, 1968.

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

Amend-  
ment of  
section 3.

~~2~~ ~~2~~ In section 3 of the Insurance Act, 1938 (hereinafter referred to as the principal Act),—

(a) in sub-section (4),—

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

“(aa) if the insurer fails, at any time, to comply with the provisions of section 64VA as to the excess of the value of his assets over the amount of his liabilities, or”;

<sup>1</sup>1969 (whole of the Act except sections 14 and 41): vide S.O. 2129 dated the 26th May, 1969, Gazette of India, 1969, Extraordinary Pt. II, Sec. 3(ii), p. 2252.

281901 2, ss. 2 to 13, repealed by Act 56 of 1974, s. 2 & Sch. I.  
X Rep. L.P.A. 56 of 1974, s. 2 & Sch. I.  
2 to 13  
15 & 40



(ii) in clause (d), the words "a class of" shall be omitted;

(iii) after clause (e), the following shall be inserted, namely:—

"or

(ee) if the Central Government so directs under sub-section (4) of section 33,";

(b) in sub-section (5),—

(i) after the word, brackets and letter "clause (a)," the word, brackets and letters "clause (aa)," shall be inserted;

(ii) after the word, brackets and letter "clause (e)," the word, brackets and letters "clause (ee)," shall be inserted;

(c) in sub-section (5C),—

(i) after the word, brackets and letter "clause (a)," the word, brackets and letters "clause (aa)," shall be inserted;

(ii) after the words and figures "or section 98", the words, figures and letters "or complies with the provisions of section 64VA as to the excess of the value of his assets over the amount of his liabilities" shall be inserted.

3. In section 3A of the principal Act, in sub-section (2), for the words "which shall not exceed one thousand rupees for each class of insurance business, but may vary according to the volume of business done by the insurer in India in each class of insurance business to which the registration relates". the following shall be substituted, namely:—

Amend-  
ment of  
section  
3A.

"which may vary according to the total gross premium written direct in India, during the year preceding the year in which the application is required to be made under this section, by the insurer in the class of insurance business to which the registration relates but shall not—

(i) exceed one-fourth of one per cent. of such premium income,

(ii) be less, in any case, than five hundred rupees for each class of insurance business:

Provided that in the case of an insurer carrying on solely re-insurance business, the provisions of this sub-section shall apply with the modification that instead of the total gross

premium written direct in India, the total premiums in respect of facultative re-insurances accepted by him in India shall be taken into account."

Amend-  
ment of  
section  
6A.

4. In section 6A of the principal Act,—

(a) after sub-section (10), the following sub-section shall be inserted, namely:—

"(11) The provisions of this section, except those of sub-sections (7), (8) and (9), shall, on and from the commencement of the Insurance (Amendment) Act, 1968, also apply to insurers carrying on general insurance business subject to the following modifications, namely:—

(i) that references in sub-sections (1), (3), (5) and (6) to the Insurance (Amendment) Act, 1950, shall be construed as references to the Insurance (Amendment) Act, 1968; and

(ii) references in sub-section (10) to sub-sections (7) and (8) shall be omitted.";

(b) the *Explanation* shall be re-numbered as *Explanation 1* thereof and, after *Explanation 1*, as so re-numbered, the following shall be inserted, namely:—

*Explanation 2.*—The provisions of *Explanation 1* shall, in their application, after the commencement of the Insurance (Amendment) Act, 1968, to insurers carrying on general insurance business, be subject to the modification that for sub-clauses (a) and (b) of clause (ii) thereof, the following shall be substituted, namely:—

"(a) by a company of which such person is a member holding more than ten per cent. of the paid-up share capital, or"

Amend-  
ment of  
section  
6B.

5. In section 6B of the principal Act, after sub-section (3), the following sub-section shall be inserted, namely:—

"(4) The provisions of this section shall, on and from the commencement of the Insurance (Amendment) Act, 1968, also apply to insurers carrying on general insurance business."

Amend-  
ment of  
section 7.

6. In section 7 of the principal Act,—

(a) in sub-section (1),—

(i) for clauses (a) to (i), the following clauses shall be substituted, namely:—

"(a) where his total gross premium written direct in India in respect of general insurance business in any

calendar year commencing after the 31st day of December, 1967, did not exceed rupees one crore, a sum of rupees ten lakhs.

(b) where his total gross premium written direct in India in respect of general insurance business during any calendar year referred to in clause (a) exceeded rupees one crore, a sum of rupees twenty lakhs:";

(ii) in the proviso, for the words "ten thousand rupees", the words "one hundred thousand rupees" shall be substituted;

(iii) after the proviso, the following further proviso shall be inserted, namely:—

"Provided further that in respect of an insurer not having a share capital and carrying on only such insurance business as in the opinion of the Central Government is not carried on ordinarily by insurers under separate policies, the Central Government may, by notification in the Official Gazette, order that the provisions of this sub-section shall apply to such insurer with the modification that instead of the sum of rupees twenty lakhs or rupees ten lakhs, as the case may be, the deposit to be made by such insurer shall be such amount, being not less than one hundred and fifty thousand rupees, as may be specified in the said order.";

(b) after sub-section (1), the following sub-sections shall be inserted, namely:—

(1A) (i) An insurer, who holds immediately before the commencement of the Insurance (Amendment) Act, 1968, a valid certificate of registration in respect of any class of insurance business and who has deposited and kept deposited a sum which is less than the sum required to be deposited under sub-section (1) may make deposit of the sum which is equal to the difference between the sum already deposited and kept deposited and the sum required to be deposited under sub-section (1), in not more than five instalments, of which—

(a) the first shall be not less than one-fifth of the said sum and shall be paid before the expiry of one year from such commencement,

(b) the second shall be not less than one-fourth of the balance left after making the deposit under clause (a) and shall be paid before the expiry of two years from such commencement.

(c) the third shall be not less than one-third of the balance left after making the deposit under clauses (a) and (b) and shall be paid before the expiry of three years from such commencement,

(d) the fourth shall be not less than one-half of the residue and shall be paid before the expiry of four years from such commencement, and

(e) the balance shall be paid before the expiry of five years from such commencement.

(ii) An insurer referred to in clause (a) of sub-section (1), the total gross premium written direct by whom in India in any calendar year in respect of general insurance business exceeds for the first time rupees one crore, shall make deposit of the sum which is equal to the difference between the sum already deposited and kept deposited by him, as at the end of such calendar year, and the sum of rupees twenty lakhs, in not more than five equal annual instalments, the first of which shall be made on or before the 31st day of December of the year immediately following the year in which the total gross premium written direct by him in India exceeded rupees one crore, and nothing in clause (i) of this sub-section shall apply to such insurer after the end of the calendar year during which the gross premium written direct by him in India exceeded rupees one crore.

(1B) Notwithstanding anything contained in sub-section (1), it shall be sufficient compliance with the provisions of sub-section (1) in the case of a group of insurers operating in India as a group (hereafter in this Act referred to as a "group") if the total amount of the deposit made by all the insurers in the group is not less than the amount which the group, if considered to be a single insurer, would have been required to deposit under sub-section (1):

Provided that the deposit made by each insurer in the group is not less than that proportion of the total deposit required to be made under this sub-section as the proportion of his share of the risk on each policy issued by the group bears to the total risk on that policy.

*Explanation.*—For the purposes of this section and section 64VA, a group shall be deemed to be operating as such in India if the following conditions are fulfilled, namely:—

(a) no insurer in the group has commenced carrying on insurance business in India after the commencement of the Insurance (Amendment) Act, 1968;

(b) all the insurers in the group are registered for the same class or classes of insurance business;

(c) there is an agreement between all the insurers in the group to function as a group in respect of their business in India, and such agreement provides that the proportionate share of each insurer in the total risk on every policy issued by the group shall be such as may be mentioned therein and that such proportion shall be the same for all policies in all the classes of insurance policies issued by the group;

(d) the agreement referred to in clause (c) has been filed with the Controller within thirty days from the date of its execution:

Provided that if the Controller is satisfied that any insurer was prevented by sufficient cause from filing such agreement within the specified time, he may, by order, allow the insurer to file such agreement within a period of thirty days from the date of his order;

(e) every policy issued by the insurers in the group mentions, on the face of the policy, the names of all the members of the group and the proportion of the risk for which each member is liable;

(f) the insurers in the group function with common offices, common officers, not being directors or members of any Board of management, and common staff within India;

(g) all the expenses in India of the insurance business (but excluding expenses solely relating to any Board of management, whether set up for the purpose of managing the insurance business or not,) are shared by the insurers in the group in the proportion in which the risks are shared by and between them.

(1C) When a group of insurers ceases to be a group, every insurer in that group who continues to carry on any class of insurance business in India shall, unless he has joined another group within a period of six months from the date of cessation of the previous group and has complied with all the provisions of this section, comply with the requirements of sub-section (1) as if he had not been an insurer in any group at any time and he shall pay, within a period of six months from the date of such cessation, in a lump sum, the amount of the instalments of deposit which he would have been required to make under sub-section (1A) before the date of such cessation had he not been an insurer in any group at any time, reduced by the amount of deposit, if any, made by him after the commencement of the Insurance (Amendment) Act, 1968.

(1D) The Central Government may, at its discretion, extend the time for making any deposit or instalment of deposit required to be made by any insurer under the provisions of sub-sections (1), (1A), (1B) and (1C) by a period of not more than six months at a time:

Provided that not more than two extensions shall be given in respect of any deposit or instalment of deposit required to be made by an insurer.

(1E) Where a group of insurers is operating in India as a group, such insurers may, notwithstanding anything contained in section 32A, have common officers and common staff within India.;

(c) in sub-section (2), the words "any class of" and the words "as the deposit for that class of insurance business" shall be omitted;

(d) for sub-sections (3), (4), (5) and (6), the following sub-sections shall be substituted, namely:—

"(3) Where the deposit is to be made by an insurer not carrying on insurance business in India immediately before the commencement of the Insurance (Amendment) Act, 1968, a deposit of rupees ten lakhs shall be made before the application for registration is made, and the provisions of clause (ii) of sub-section (1A) shall apply to such insurer after his registration as they apply to an insurer specified in clause (a) of sub-section (1).

(4) An insurer shall not be registered for any class of insurance business in addition to the class or classes for which he is already registered until the full deposit required under sub-section (1) has been made.

(5) Where an insurer who intends to become a member of a group, does not carry on all the classes of insurance business carried on by the other insurers in such group, or, where out of the several insurers who desire to form themselves into a group, any insurer does not carry on all the classes of insurance business carried on by the other insurers who desire to form themselves into the group, such insurer may be registered for that class or those classes of insurance business which is or are carried on by the other insurers of the group or the proposed group, as the case may be, and where any application for registration is made by any such insurer, the Controller may, notwithstanding anything contained in sub-section (2A) of section 3 or sub-section (4), register such insurer for one or more additional classes of insurance, if the following conditions are fulfilled, namely:—

(a) the Controller is satisfied that registration for the proposed one or more additional classes of insurance business would qualify the insurer to become a member of a group;

(b) agreements have been executed by all the insurers in the group or proposed group, as the case may be, and such agreements, in the opinion of the Controller, satisfy the requirements of the *Explanation* to sub-section (1B); and

(c) the insurer has, after the commencement of the Insurance (Amendment) Act, 1968, made deposit of a sum not less than the total of all the instalments of deposit which he would have been required to make after such commencement till the date of his becoming a member of the group, had he been a member of the group from such commencement.

(6) The Controller shall cancel the registration made in pursuance of the provisions of sub-section (5), if the insurer referred to therein fails to become, within a period of three months from the date of such registration, a member of the group or proposed group, as the case may be, and, where such registration has been cancelled, the provisions of this Act shall apply to the insurer as if he

had not been registered for the class or classes of insurance business in relation to which his registration has been cancelled.”.

Substitution of new section for section 9.  
Refund of deposit.

7. For section 9 of the principal Act, the following section shall be substituted, namely:—

“9. Where an insurer has ceased to carry on in India all classes of insurance business, and his liabilities in India in respect of all classes of insurance business have been satisfied or are otherwise provided for, the court may, on the application of the insurer, order the return to the insurer of the deposit made by him under this Act.”.

Amendment of section 10.

8. In section 10 of the principal Act, in sub-section (1),—

(i) for the words, brackets, letters and figures “classes specified in clauses (a), (b), (c) and (d) of sub-section (1) of section 7”, the words “following classes, namely, life insurance, fire insurance, marine insurance or miscellaneous insurance” shall be substituted;

(ii) for the words, brackets and letter “the class specified in clause (d) of that sub-section”, the words “miscellaneous insurance” shall be substituted;

(iii) for the words, brackets and letter “each such sub-class of the class specified in clause (d)”, the words “each of such sub-classes of miscellaneous insurance business” shall be substituted;

(iv) in the proviso, for the words, brackets, letter and figures “the class of insurance business specified in clause (d) of sub-section (1) of section 7”, the words “miscellaneous insurance business” shall be substituted.

Amendment of section 11.

9. In section 11 of the principal Act, in sub-section (1), in clause (b), for the words, brackets, letters and figures “the classes specified in clauses (a), (b) and (c) of sub-section (1) of section 7”, the words “the following classes, namely, life insurance, fire insurance or marine insurance” shall be substituted.

Amendment of section 21.

10. In section 21 of the principal Act, in sub-section (1), in clause (d), after the words, figures and letter “or section 28A”, the words, figures and letters “or section 28B or section 64V” shall be inserted.



11. After section 27A of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 27B.

‘27B. (1) No insurer carrying on general insurance business shall, after the commencement of the Insurance (Amendment) Act, 1968, invest or keep invested any part of his assets otherwise than in any of the following approved investments, namely:—

Further provisions regarding investments.

(a) the investments specified in clauses (a) to (e), (n), (q) and (r) of sub-section (1) of section 27A;

(b) debentures secured by a first charge on any immovable property, plant or equipment of any company which has paid interest in full for the three years immediately preceding or for at least three out of the four or five years immediately preceding on such or similar debentures issued by it;

(c) debentures secured by a first charge on any immovable property, plant or equipment of any company where either the book value or the market value, whichever is less, of such property, plant or equipment is more than twice the value of such debentures;

(d) first debentures secured by a floating charge on all its assets or by a fixed charge on fixed assets and floating charge on all other assets of any company which has paid dividends on its equity shares for the three years immediately preceding or for at least three out of the four or five years immediately preceding the date of the investment;

(e) preference shares of any company which has paid dividends on its equity shares for the three years immediately preceding or for at least three out of the four or five years immediately preceding;

(f) preference shares of any company on which dividends have been paid for the three years immediately preceding or for at least three out of the four or five years immediately preceding and which have priority in payment over all the equity shares of the company in winding up;

(g) shares of any company which have been guaranteed by another company, such other company having paid dividends on its equity shares for the three years immediately preceding or for at least three out of the four or five years immediately preceding;

Provided that the total amount of shares of all the companies under guarantee by the guaranteeing company is not in excess of fifty per cent. of the paid-up amount of preference and equity shares of the guaranteeing company;

(h) shares of any company on which dividends of not less than four per cent. including bonus have been paid for the three years immediately preceding or for at least three out of the four or five years immediately preceding;

(i) first mortgages on immovable property situated in India or in any other country where the insurer is carrying on insurance business:

Provided that the property mortgaged is not leasehold property with an outstanding term of less than fifteen years and the value of the property exceeds by one-third, or if it consists of buildings, exceeds by one-half, the mortgage money;

(j) such other investments as the Central Government may, by notification in the Official Gazette, declare to be approved investments for the purposes of this section.

(2) Any prescribed assets shall, subject to such conditions, if any, as may be prescribed, be deemed to be assets invested or kept invested in approved investments specified in sub-section (1).

(3) Notwithstanding anything contained in sub-section (1), an insurer may, subject to the provisions contained in the next succeeding sub-sections, invest or keep invested any part of his assets otherwise than in an approved investment specified in sub-section (1), if,—

(i) after such investment, the total amounts of all such investments of the insurer do not exceed twenty-five per cent. of his assets, and

(ii) the investment is made, or, in the case of any investment already made, the continuance of such investment is with the consent of all the directors other than the directors appointed under section 34C, present at a meeting and eligible to vote, special notice of which has been given to all the directors then in India, and all such investments, including investments in which any director is interested, are reported without delay to the Controller with full details of the investments and the extent of the director's interest in any such investment:

Provided that the making, or the continuance, of such investment is not objected to by any director appointed under section 34C.

(4) An insurer shall not invest or keep invested any part of his assets in the shares of any one banking company or investment company more than—

(a) ten per cent. of his assets, or

(b) two per cent. of the subscribed share capital and debentures of the banking company or investment company concerned,

whichever is less.

(5) An insurer shall not invest or keep invested any part of his assets in the shares or debentures of any one company other than a banking company or investment company more than—

(a) ten per cent. of his assets, or

(b) ten per cent. of the subscribed share capital and debentures of the company,

whichever is less:

Provided that nothing in this sub-section shall apply to any investment made by an insurer in the shares of any other insurer if such other insurer is a company within the meaning of section 3 of the Companies Act, 1956, and carries on insurance or re-insurance business in India.

(6) An insurer shall not invest or keep invested any part of his assets in the shares or debentures of any private company.

(7) Where an investment is in partly paid-up shares, the uncalled liability on such shares shall be added to the amount invested for the purpose of computing the percentages referred to in clause (a) of sub-section (4) and clause (a) of sub-section (5).

(8) Notwithstanding anything contained in sub-sections (4) and (5), where new shares are issued to the existing shareholders by a company, the existing shares of which are covered by clause (e) or clause (g) or clause (h) of sub-section (1) and of which an insurer is already a shareholder, the insurer may subscribe to such new shares:

Provided that the proportion of new shares subscribed by him does not exceed the proportion which the paid-up amount on the shares held by him immediately before such subscription bears to the total paid-up capital of the company at the time of such subscription.

(9) If, on an application submitted to the Controller, he is satisfied that special grounds exist warranting such exemption, he may, for such period, to such extent and in relation to such particular investments and subject to such conditions as may be specified by him in this behalf, exempt an insurer from all or any of the provisions of sub-sections (4), (5) and (8).

(10) An insurer shall not keep more than ten per cent. of his assets in fixed deposit or current deposit, or partly in fixed deposit and partly in current deposit, with any one banking company or with any co-operative society registered under the Co-operative Societies Act, 1912 or under any other law for the 2 of 1912 time being in force and doing banking business:

Provided that in applying this sub-section to the amount in deposit with a banking company on any day, all the premiums credited during the preceding sixty days, to the account of the insurer with such banking company and the amounts deposited, during the preceding thirty days, by such insurer with that banking company for payment of claims or out of re-insurance recoveries, shall be excluded.

(11) All assets shall (except for a part thereof not exceeding one-tenth of the total assets in value which may, subject to such conditions and restrictions as may be prescribed, be offered as security for any loan taken for purposes of any investment or for payment of claims, or which may be kept as security deposit with the banks for acceptance of policies) be held free of any encumbrance, charge, hypothecation or lien.

(12) If at any time the Controller considers any one or more of the investments constituting an insurer's assets to be unsuitable or undesirable, he may, after giving the insurer an opportunity of being heard, direct the insurer to realise the investment or investments, and the insurer shall comply with the direction within such time as may be specified in this behalf by the Controller.

(13) Every insurer in existence at the commencement of the Insurance (Amendment) Act, 1968, whose investments or any part thereof at such commencement do or does not fulfil the requirements of this section, shall, within ninety days from such commencement, submit to the Controller a report specifying all such investments, and, if the Controller is satisfied that it will not be in the interest of the insurer or any class of insurers generally to realise any such investments, he may, by order, direct that the provisions of this section, other than the provisions contained in sub-section (12), shall not apply in relation to any such investments or to any class of investments generally for such period or periods as may be specified in the order.

(14) Without prejudice to the powers conferred on the Controller by sub-section (12), nothing contained in this section shall be deemed to require any insurer to realise any investment made in conformity with the provisions of sub-section (1) after the commencement of the Insurance (Amendment) Act, 1968, which, after the making thereof, has ceased to be an approved investment within the meaning of this section.

(15) Nothing contained in this section shall be deemed to affect in any way the manner in which any moneys relating to the provident fund of any employee or to any security taken from any employee or other moneys of a like nature are required to be held by or under any Central, Provincial or State Act.

(16) In this section, unless the context otherwise requires, "assets" means—

(a) in the case of an insurer carrying on life insurance business in India, all his assets required to be shown under the column "Other Classes of Business" in the balance-sheet in Form A, in Part II of the First Schedule, but excluding any items against the head "Other Accounts (to be specified)";

(b) in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (9) of section 2, who is not carrying on life insurance business in India, all his assets required to be shown in the balance-sheet in Form A in Part II of the First Schedule but excluding any items against the head "Other Accounts (to be specified)"; and

(c) in the case of any other insurer, the assets required to be shown in the statement in Form AA, in Part II of the First Schedule, but excluding office furniture,

but does not include any assets specifically held against any fund or portion thereof in respect of which the Controller is satisfied that such fund or portion thereof, as the case may be, is regulated by the law of any country outside India or in respect of which the Controller is satisfied that it would not be in the interest of the insurer to apply the provisions of this section.'

Insertion  
of new  
section  
28B.

Returns  
of invest-  
ments  
relating  
to the  
assets  
and  
changes  
therein.

12. After section 28A of the principal Act, the following section shall be inserted, namely:—

"28B. (1) Every insurer carrying on general insurance business, shall, every year, within thirty-one days from the beginning of the year, submit to the Controller a return in the prescribed form showing as at the 31st day of December of the preceding year the investments made out of his assets referred to in section 27B, and every such return shall be certified by a principal officer of the insurer.

(2) Every insurer referred to in sub-section (1) shall also submit to the Controller a return in the prescribed form showing all the changes that occurred in the investments aforesaid during each of the quarters ending on the last day of March, June, September and December within thirty-one days from the close of the quarter to which it relates, and every such return shall be certified by a principal officer of the insurer.

(3) Every insurer shall submit, along with the returns referred to in sub-sections (1) and (2), a statement, where any part of the assets are in the custody of a banking company, from that company, and in any other case, from the Chairman, two directors and a principal officer, if the insurer is a company, or from a principal officer of the insurer, if the insurer is not a company, specifying the assets, which are subject to a charge and certifying that the other assets are held free of any encumbrance, charge, hypothecation or lien, and every such statement after the first shall also specify the charges created in respect of any of those assets since the date of the statement immediately preceding, and, if any such charges have been liquidated, the date on which they were so liquidated."

Amend-  
ment of  
section  
30.

13. In section 30 of the principal Act, after the word, figures and letter "section 27A", the word, figures and letter, "section 27B" shall be inserted.

Section  
Amend-  
ment of  
insertion  
31A.

14. In section 31A of the principal Act, in clause (vii) of the proviso to sub-section (1), the words "such bonus, in the case of any employee, not exceeding in amount the equivalent of his salary for a period which, in the opinion of the Central Government, is

reasonable having regard to the circumstances of the case" shall be omitted.

~~15. In section 33 of the principal Act,--~~

Amend-  
ment of  
section  
33.

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

1 of 1956.

"(1A) Notwithstanding anything to the contrary contained in section 235 of the Companies Act, 1956, the Controller may, at any time, and shall, on being directed so to do by the Central Government, cause an inspection to be made by one or more of his officers of any insurer and his books and accounts; and the Controller shall supply to the insurer a copy of his report on such inspection.";

(ii) in sub-section (2), after the words, brackets and figure "under sub-section (1)", the words, brackets, figure and letter "or inspection under sub-section (1A)" shall be inserted;

(iii) in sub-section (3), after the words, brackets and figure "under sub-section (1)", the words, brackets, figure and letter "or inspection under sub-section (1A)" shall be inserted;

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

"(3A) The Controller shall, if he has been directed by the Central Government to cause an inspection to be made, and may, in any other case, report to the Central Government on any inspection made under this section.";

(v) in sub-section (4), after the words, brackets and figure "under sub-section (1)", the words, brackets, figure and letter "or under sub-section (3A)" shall be inserted;

(vi) after sub-section (4), the following sub-sections and Explanation shall be inserted, namely:—

'(4A) The Central Government may, after giving reasonable notice to the insurer, publish the report submitted by the Controller under sub-section (3A) or such portion thereof as may appear to it to be necessary.

(4B) The Central Government may prescribe the minimum information to be maintained by insurers in their books, the manner in which such information should be maintained, the checks and other verifications to be adopted

↓ ss. 15 to 40, repealed by Act 56 of 1974, S. 2 & Sch. I.

by insurers in that connection and all other matters incidental thereto as are, in its opinion, necessary to enable the Controller to discharge satisfactorily his functions under this section.

*Explanation.*—For the purposes of this section, the expression “insurer” shall include—

(i) in the case of an insurer incorporated outside India, all his branches in India; and

(ii) in the case of an insurer incorporated in India—

(a) all his subsidiaries formed for the purpose of carrying on the business of insurance exclusively outside India; and

(b) all his branches whether situated in India or outside India.

16. After section 33 of the principal Act, the following headings and sections shall be inserted:—

Insertion of new sections 33A, 34, 34A, 34B, 34C, 34D, 34E, 34F, 34G and 34H.

#### “APPOINTMENT OF STAFF

Power to appoint staff.

33A. The Central Government or the Controller may appoint such staff, and at such places as it or he may consider necessary, for the scrutiny of the returns, statements and information furnished by insurers under this Act and generally to ensure the efficient performance of the functions of the Controller under this Act.

#### POWER TO ISSUE DIRECTIONS

Power of the controller to issue directions.

34. (1) Where the Controller is satisfied that—

(a) in the public interest; or

(b) to prevent the affairs of any insurer being conducted in a manner detrimental to the interests of the policyholders or in a manner prejudicial to the interests of the insurer; or

(c) generally to secure the proper management of any insurer,

it is necessary to issue directions to insurers generally or to any insurer in particular, he may, from time to time, issue such



directions as he deems fit, and the insurers or the insurer, as the case may be, shall be bound to comply with such directions:

Provided that no such direction shall be issued to any insurer in particular unless such insurer has been given a reasonable opportunity of being heard.

(2) The Controller may, on representation made to him or on his own motion, modify or cancel any direction issued under sub-section (1), and in so modifying or cancelling any direction, may impose such conditions as he thinks fit, subject to which the modification or cancellation shall have effect.

#### CONTROL OVER MANAGEMENT

34A. (1) In the case of an insurer,—

(a) no amendment made after the commencement of the Insurance (Amendment) Act, 1968, of any provision relating to the appointment, re-appointment, termination of appointment or remuneration of a managing or whole-time director, or of a manager or a chief executive officer, by whatever name called, whether that provision be contained in the insurer's memorandum or articles of association, or in an agreement entered into by him, or in any resolution passed by the insurer in general meeting or by his Board of directors shall have effect unless approved by the Controller;

Amendment of provisions relating to appointments of managing directors, etc., to be subject to previous approval of the Controller.

(b) no appointment, re-appointment or termination of appointment, made after the commencement of the Insurance (Amendment) Act, 1968, of a managing or whole-time director, or ~~of~~ a manager or a chief executive officer, by whatever name called, shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Controller.

*Explanation.*—For the purposes of this sub-section, any provision conferring any benefit or providing any amenity or perquisite, in whatever form, whether during or after the termination of the term of office of the manager or the chief executive officer, by whatever name called, or a managing or whole-time director, shall be deemed to be a provision relating to his remuneration.

(2) Nothing contained in sections 268 and 269, the proviso to sub-section (3) of section 309, sections 310 and 311, the proviso to section 387, and section 388 (in so far as section 388

makes the provisions of sections 310 and 311 apply in relation <sup>1 of 1956</sup> to the manager of a company) of the Companies Act, 1956, shall apply to any matter in respect of which the approval of the Controller has to be obtained under sub-section (1).

(3) No act done by a person as a managing or whole-time director or a director not liable to retire by rotation or a manager or a chief executive officer, by whatever name called, shall be deemed to be invalid on the ground that it is subsequently discovered that his appointment or re-appointment had not taken effect by reason of any of the provisions of this Act; but nothing in this sub-section shall be construed as rendering valid any act done by such person after his appointment or re-appointment has been shown to the insurer not to have had effect.

Power of  
Controller to  
remove  
managerial  
persons  
from  
office.

34B. (1) Where the Controller is satisfied that in the public interest or for preventing the affairs of an insurer being conducted in a manner detrimental to the interests of the policyholders or for securing the proper management of any insurer it is necessary so to do, he may, for reasons to be recorded in writing, by order, remove from office, with effect from such date as may be specified in the order, any director or the chief executive officer, by whatever name called, of the insurer.

(2) No order under sub-section (1) shall be made unless the director or chief executive officer concerned has been given a reasonable opportunity of making a representation to the Controller against the proposed order:

Provided that if, in the opinion of the Controller, any delay would be detrimental to the interests of the insurer or his policyholders, he may, at the time of giving the opportunity aforesaid or at any time thereafter, by order direct that, pending the consideration of the representation aforesaid, if any, the director or, as the case may be, chief executive officer, shall not, with effect from the date of such order,—

(a) act as such director or chief executive officer of the insurer;

(b) in any way, whether directly or indirectly, be concerned with, or take part in, the management of the insurer.

(3) Where any order is made in respect of a director or chief executive officer of an insurer under sub-section (1), he shall cease to be a director or, as the case may be, chief

executive officer of the insurer and shall not, in any way, whether directly or indirectly, be concerned with, or take part in, the management of any insurer for such period not exceeding five years as may be specified in the order.

(4) If any person in respect of whom an order is made by the Controller under sub-section (1) or under the proviso to sub-section (2) contravenes the provisions of this section, he shall be punishable with fine which may extend to two hundred and fifty rupees for each day during which such contravention continues.

(5) Where an order under sub-section (1) has been made, the Controller may, by order in writing, appoint a suitable person in place of the director or chief executive officer who has been removed from his office under that sub-section, with effect from such date as may be specified in the order.

(6) Any person appointed as director or chief executive officer under this section shall,—

(a) hold office during the pleasure of the Controller and subject thereto for a period not exceeding three years or such further periods not exceeding three years at a time as the Controller may specify;

(b) not incur any obligation or liability by reason only of his being a director or chief executive officer or for anything done or omitted to be done in good faith in the execution of the duties of his office or in relation thereto.

(7) Notwithstanding anything contained in any law or in any contract, memorandum or articles of association, on the removal of a person from office under this section, that person shall not be entitled to claim any compensation for the loss or termination of office.

34C. (1) If the Controller is of opinion that in the public interest or in the interests of an insurer, or his policy-holders it is necessary so to do, he may, from time to time, by order in writing, appoint, with effect from such date as may be specified in the order, one or more persons to hold office as additional directors of the insurer:

Power of Controller to appoint additional directors.

Provided that the number of additional directors so appointed shall not, at any time, exceed five or one-third of the maximum strength fixed for the Board by the articles of association of the insurer, whichever is less.

(2) Any person appointed as additional director in pursuance of this section,—

(a) shall hold office during the pleasure of the Controller, and subject thereto for a period not exceeding three years or such further periods not exceeding three years at a time as the Controller may specify;

(b) shall not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the execution of the duties of his office or in relation thereto; and

(c) shall not be required to hold qualification shares of the insurer.

(3) For the purpose of reckoning any proportion of the total number of directors of the insurer, any additional director appointed under this section shall not be taken into account.

34D. Any appointment or removal of a director or chief executive officer in pursuance of section 34B or section 34C shall have effect notwithstanding anything to the contrary contained in the Companies Act, 1956, or any other law for the time being in force or in any contract or any other instrument. 1 of 1956.

Sections 34B and 34C to override other laws.

Further powers of Controller.

34E. The Controller may,—

(a) caution or prohibit insurers generally or any insurer in particular against entering into any particular transaction or class of transactions, and generally give advice to any insurer;

(b) at any time, if he is satisfied that in the public interest or in the interests of the insurer or for preventing the affairs of the insurer being conducted in a manner detrimental to the interests of the insurer or his policyholders, it is necessary so to do, by order in writing and on such terms and conditions as may be specified therein,—

(i) require the insurer to call a meeting of his directors for the purpose of considering any matter relating to or arising out of the affairs of the insurer;

(ii) depute one or more of his officers to watch the proceedings at any meeting of the Board of directors of the insurer or of any committee or of any other body

constituted by it; require the insurer to give an opportunity to the officers so deputed to be heard at such meetings and also require such officers to send a report of such proceedings to the Controller;

(iii) require the Board of directors of the insurer or any committee or any other body constituted by it to give in writing to any officer specified by the Controller in this behalf at his usual address all notices of, and other communications relating to, any meeting of the Board, committee or other body constituted by it;

(iv) appoint one or more of his officers to observe the manner in which the affairs of the insurer or of his offices or branches are being conducted and make a report thereon;

(v) require the insurer to make, within such time as may be specified in the order, such changes in the management as the Controller may consider necessary.

34F. (1) Without prejudice to the generality of the powers conferred by sub-section (1) of section 34, the Controller may, if he is of opinion that the terms or conditions of any re-insurance treaty or other re-insurance contract entered into by an insurer are not favourable to the insurer or are detrimental to the public interest, he may, by order, require the insurer to make, at the time when the renewal of such treaty or contract becomes next due, such modifications in the terms and conditions of such treaty or contract as he may specify in the order or not to renew such treaty or contract, and, if the insurer fails to comply with such order, he shall be deemed to have failed to comply with the provisions of this Act.

Power of Controller to issue directions regarding re-insurance treaties, etc.

(2) The Controller may, if he has reason to believe that an insurer is entering into or is likely to enter into re-insurance treaties or other re-insurance contracts which are not favourable to the insurer or are detrimental to the public interest, he may, by order, direct that the insurer shall not enter into such re-insurance treaty or other re-insurance contract unless a copy of such treaty or contract has been furnished to him in advance and the terms and conditions thereof have been approved by him and if the insurer fails to comply with such order he shall be deemed to have failed to comply with the requirements of this Act.

Power of  
Controller  
to order  
closure of  
foreign  
branches.

34G. Without prejudice to the generality of the powers conferred by sub-section (1) of section 34, the Controller may, if he has reason to believe that the working of any branch outside India of an insurer being an insurer specified in sub-clause (b) of clause (9) of section 2, is generally resulting in a loss or that the affairs of that branch are being conducted in a manner prejudicial to the interests of the policy-holders or the public interest, he may, after giving an opportunity to the insurer of being heard, direct that the insurer shall cease, within such period, not being less than one year, as may be specified in the order, to carry on insurance business in the country in which such branch is situated and if the insurer fails to comply with such order he shall be deemed to have failed to comply with the provisions of this Act.

Search  
aid  
seizure.

34H. (1) Where the Controller, in consequence of information in his possession, has reason to believe that,—

(a) any person who has been required under sub-section (2) of section 33 to produce, or cause to be produced, any books, accounts or other documents in his custody or power has omitted or failed to produce, or cause to be produced, such books, accounts or other documents, or

(b) any person to whom a requisition to produce any books, accounts or other documents as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, any books, accounts or other documents which will be useful for, or relevant to, an investigation under sub-section (1) of section 33 or an inspection under sub-section (1A) of that section, or

(c) a contravention of any provision of this Act has been committed or is likely to be committed by an insurer, or

(d) any claim which is due to be settled by an insurer, has been or is likely to be settled at a figure higher than a reasonable amount, or

(e) any claim which is due to be settled by an insurer, has been or is likely to be rejected or settled at a figure lower than a reasonable amount, or

(f) any illegal rebate or commission has been paid or is likely to be paid by an insurer, or

(g) any books, accounts, receipts, vouchers, survey reports or other documents, belonging to an insurer are likely to be tampered with, falsified or manufacture,

he may authorise any subordinate officer of his, not lower in rank than an Assistant Controller of Insurance (hereafter referred to as the authorised officer) to—

(i) enter and search any building or place where he has reason to suspect that such books, accounts or other documents, or any books or papers relating to any claim, rebate or commission or any receipts, vouchers, reports or other documents are kept;

(ii) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (i) where the keys thereof are not available;

(iii) seize all or any such books, accounts or other documents, found as a result of such search;

(iv) place marks of identification on such books, accounts or other documents or make or cause to be made extracts or copies therefrom.

(2) The authorised officer may requisition the services of any police-officer or of any officer of the Central Government, or of both, to assist him for all or any of the purposes specified in sub-section (1) and it shall be the duty of every such officer to comply with such requisition.

(3) The authorised officer may, where it is not practicable to seize any such book, account or other document, specified in sub-section (1), serve an order on the person who is in immediate possession or control thereof that he shall not remove, part with or otherwise deal with it except with the previous permission of such officer and such officer may take such steps as may be necessary for ensuring compliance with this sub-section.

(4) The authorised officer may, during the course of the search or seizure, examine on oath any person who is found to be in possession or control of any books, accounts or other documents, and any statement made by such person during such examination may thereafter be used in evidence in any proceeding under this Act.

(5) The books, accounts, papers, receipts, vouchers, reports, or other documents seized under sub-section (1) shall not be retained by the authorised officer for a period exceeding one hundred and eighty days from the date of the seizure unless the reasons for retaining the same are recorded by him in writing

and the approval of the Controller for such retention is obtained:

Provided that the Controller shall not authorise the retention of the books, accounts, papers, receipts, vouchers, reports, or other documents for a period exceeding thirty days after all the proceedings under this Act for which the books, accounts, papers, receipts, vouchers, reports, or other documents are relevant are completed.

(6) The person from whose custody any books, accounts, papers, receipts, vouchers, reports, or other documents are seized under sub-section (1) may make copies thereof, or take extracts therefrom, in the presence of the authorised officer or any other person empowered by him in this behalf at such place and time as the authorised officer may appoint in this behalf.

(7) If a person legally entitled to the books, accounts, papers, receipts, vouchers, reports, or other documents seized under sub-section (1) objects for any reason to the approval given by the Controller under sub-section (5) he may make an application to the Central Government stating therein the reasons for such objection and requesting for the return of the books, accounts, papers, receipts, vouchers, reports, or other documents.

(8) On receipt of the application under sub-section (7), the Central Government may, after giving the applicant an opportunity of being heard, pass such orders as it thinks fit.

(9) The provisions of the Code of Criminal Procedure, 1898, 5 of 1898, relating to searches and seizures shall apply, so far as may be to every search and seizure made under sub-section (1).

(10) The Central Government may make rules in relation to any search or seizure under this section; in particular, and without prejudice to the generality of the foregoing power, such rules may provide for the procedure to be followed by the authorised officer,—

(i) for obtaining ingress into such building or place to be searched where free ingress thereto is not available;

(ii) for ensuring safe custody of any books, accounts, papers, receipts, vouchers, reports, or other documents seized under this section.”



17. After section 37 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 37A.

Power of Controller to prepare scheme of amalgamation.

“37A. (1) If the Controller is satisfied that—

- (i) in the public interest; or
- (ii) in the interests of the policy-holders; or
- (iii) in order to secure the proper management of an insurer; or
- (iv) in the interests of the insurance business of the country as a whole,

it is necessary so to do, he may prepare a scheme for the amalgamation of that insurer with any other insurer (hereafter referred to in this section as the transferee insurer):

Provided that no such scheme shall be prepared unless the other insurer has given his written consent to the proposal for such amalgamation

(2) The scheme aforesaid 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, and the liabilities, duties and obligations of the transferee insurer;

(b) the transfer to the transferee insurer of the business, properties, assets and liabilities of the insurer on such terms and conditions as may be specified in the scheme;

(c) any change in the Board of directors, or the appointment of a new Board of directors of the transferee insurer 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;

(d) the alteration of the memorandum and articles of association of the transferee insurer for the purpose of altering the capital thereof or for such other purposes as may be necessary to give effect to the amalgamation;

(e) subject to the provisions of the scheme, the continuation by or against the transferee insurer, of any actions or proceedings pending against the insurer;

(f) the reduction of the interest or rights which the shareholders, policy-holders and other creditors have in or against the insurer before the amalgamation to such extent as the Controller considers necessary in the public interest or in the interests of the shareholders, policy-holders and other creditors or for the maintenance of the business of the insurer;

(g) the payment in cash or otherwise to policy-holders and other creditors in full satisfaction of their claim,—

(i) in respect of their interest or rights in or against the insurer before the amalgamation; or

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

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

(i) in respect of their interest in shares in the insurer before the amalgamation; or

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

(i) the continuance of the services of all the employees of the insurer (excepting such of them as not being workmen within the meaning of the Industrial Disputes Act, 1947, are specifically mentioned in the scheme) in the transferee insurer at the same remuneration and on the same terms and conditions of service, which they were getting or, as the case may be, by which they were being governed, immediately before the date of the amalgamation:

14 of 1947

Provided that the scheme shall contain a provision that the transferee insurer shall pay or grant not later than

the expiry of the period of three years, from the date of the amalgamation, to the said employees the same remuneration and the same terms and conditions of service as are applicable to the other employees of corresponding rank or status of the transferee insurer subject to the qualifications and experience of the said employees being the same as or equivalent to those of such other employees of the transferee insurer:

Provided further that if in any case any doubt or difference arises as to whether the qualification and experience of any of the said employees are the same as or are equivalent to the qualifications and experience of the other employees of corresponding rank or status of the transferee insurer, the doubt or difference shall be referred to the Controller whose decision thereon shall be final;

(j) notwithstanding anything contained in clause (i), where any of the employees of the insurer not being workmen within the meaning of the Industrial Disputes Act, 1947, are specifically mentioned in the scheme under clause (i) or where any employees of the insurer have by notice in writing given to the insurer or, as the case may be, the transferee insurer at any time before the expiry of one month next following the date on which the scheme is sanctioned by the Central Government, intimated their intention of not becoming employees of the transferee insurer, the payment to such employees of compensation, if any, to which they are entitled under the Industrial Disputes Act, 1947, and such pension, gratuity, provident fund or other retirement benefits ordinarily admissible to them under the rules or authorisations of the insurer immediately before the date of the amalgamation;

(k) any other terms and conditions for the amalgamation of the insurer;

(l) such incidental, consequential and supplemental matters as are necessary to secure that the amalgamation shall be fully and effectively carried out.

(3) (a) A copy of the scheme prepared by the Controller shall be sent in draft to the insurer and also to the transferee insurer and any other insurer concerned in the amalgamation, for suggestions and objections, if any, within such period as the Controller may specify for this purpose.

14 of 1947.

(b) The Controller may make such modifications, if any, in the draft scheme as he may consider necessary in the light of the suggestions and objections received from the insurer and also from the transferee insurer, and any other insurer concerned in the amalgamation and from any shareholder, policy-holder or other creditor of each of those insurers and the transferee insurer.

(4) The scheme shall thereafter be placed before the Central Government for its sanction and the Central Government may sanction the scheme without any modification or with such modifications as it may consider necessary; and the scheme as sanctioned by the Central Government shall come into force on such date as the Central Government may specify in this behalf:

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

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

(6) The Controller may, in like manner, add to, amend or vary any scheme made under this section.

(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 insurer or, as the case may be, on the transferee insurer and any other insurer concerned in the amalgamation and also on all the shareholders, policy-holders and other creditors and employees of each of those insurers and of the transferee insurer, and on any other person having any right or liability in relation to any of those insurers or the transferee insurer.

(8) On and from such date as may be specified by the Central Government in this behalf, the properties and assets of the insurer shall, by virtue of and to the extent provided in the scheme, stand transferred to, and vest in, and the liabilities of the insurer shall, by virtue of and to the extent provided in the scheme, stand transferred to and become the liabilities of, the transferee insurer.

(9) If any difficulty arises in giving effect to the provisions of the scheme, the Central Government may by order do anything not inconsistent with such provisions which appears to it necessary or expedient for the purpose of removing the difficulty.

(10) Copies of every scheme made under this section and of every order made under sub-section (9) shall be laid before each House of Parliament, as soon as may be, after the scheme has been sanctioned by the Central Government, or, as the case may be, the order has been made.

(11) Nothing in this section shall be deemed to prevent the amalgamation with an insurer by a single scheme of several insurers.

(12) The provisions of this section and of any scheme made under it shall have effect notwithstanding anything to the contrary contained in any other provisions of this Act or in any other law or any agreement, award or other instrument for the time being in force.

(13) The provisions of section 37 shall not apply to an amalgamation given effect to under the provisions of this section."

18. In section 40A of the principal Act, in sub-section (3),—

(i) for the words, brackets and figures "Insurance (Amendment) Act, 1950", the words, brackets and figures "Insurance (Amendment) Act, 1968" shall be substituted;

(ii) for clauses (a) and (b), the following clauses shall be substituted, namely:—

"(a) where the policy relates to fire or marine insurance, five per cent. of the premium payable on the policy, and

(b) where the policy relates to miscellaneous insurance, ten per cent. of the premium payable on the policy."

19. In section 40C of the principal Act, in clause (b) of the *Explanation*, after the words "in India during the year", the following shall be inserted, namely:—

", but in computing the expenses of management in India the following, and only the following, expenses may be excluded, namely:—

(i) in the case of an insurer having his principal place of business in India, a share of head office expenses in respect

47 of 1950.

Amendment of section 40A.

Amendment of section 40C.

of general insurance business transacted by him outside India not exceeding such percentage of his gross direct premium written outside India as may be prescribed,

(ii) in the case of an insurer having his principal place of business outside India, a share of the expenses of his office in India in respect of general insurance business transacted by him outside India through his office in India, not exceeding such percentage of his gross direct premium written outside India through his office in India, as may be prescribed,

(iii) any expenses debited to profit and loss account relating exclusively to the management of capital, and dealings with shareholders and a proper share of managerial expenses calculated in such manner as may be prescribed, and

(iv) any expenses debited to claims in the revenue account in Form F of Part II of the Third Schedule".

Amendment of section 42.

20. In section 42 of the principal Act,—

(a) in sub-section (1), for the words "ten rupees", the words "twenty-five rupees" shall be substituted;

(b) in sub-section (3), for the words "ten rupees", the words "twenty-five rupees" and for the words "three rupees" the words "ten rupees" shall be substituted;

(c) in the proviso to sub-section (3A), for the words "thirty rupees", the words "seventy-five rupees" shall be substituted.

Omission of section 48C.

21. Section 48C of the principal Act shall be omitted.

Insertion of new sections 52H, 52I, 52J, 52K, 52L, 52M and 52N.

22. After section 52G of the principal Act, the following heading and sections shall be inserted, namely:—

**'ACQUISITION OF THE UNDERTAKINGS OF INSURERS IN CERTAIN CASES'**

52H. (1) If, upon receipt of a report from the Controller, the Central Government is satisfied that an insurer,—

(a) has persistently failed to comply with—

(i) any direction given to him under section 34, section 34F or section 34G or

Power of Central Government to acquire undertakings

(ii) any order made under section 34E; or  
 (b) is being managed in a manner detrimental to the public interest or to the interests of his policy-holders, or shareholders,  
 and that—

(i) in the public interest, or

(ii) in the interests of the policy-holders or shareholders of such insurer,

it is necessary to acquire the undertaking of such insurer, the Central Government may, by notified order, acquire the undertaking of such insurer (hereafter in this section and in sections 52I, 52J and 52N and in the Eighth Schedule referred to as the acquired insurer) with effect from such date as may be specified in the order (hereafter in this section and in sections 52I and 52J and in the Eighth Schedule referred to as the appointed day):

Provided that no undertaking of an insurer shall be so acquired unless such insurer has been given a reasonable opportunity of showing cause against the proposed action.

*Explanation.*—For the purposes of this section and of sections 52I to 52N—

(a) “notified order” means an order published in the Official Gazette,

(b) “undertaking”, in relation to an insurer incorporated outside India, means the undertaking of the insurer in India.

(2) Subject to the other provisions contained in this section and in sections 52I to 52M, on the appointed day, all the assets and liabilities of the undertaking of the acquired insurer shall stand transferred to, and vest in, the Central Government.

(3) The assets and liabilities of the undertaking of the acquired insurer shall be deemed to include all rights, powers, authorities and privileges and all property, whether movable or immovable, including, in particular, cash balances, reserve funds, investments, deposits and all other interests and rights in, or arising out of, such property, as may be in the possession of, or held by, the acquired insurer immediately before the appointed day and all books, accounts and documents relating thereto, and shall also be deemed to include all debts, liabilities and obligations, of whatever kind then existing of the acquired insurer.

(4) Notwithstanding anything contained in sub-section (2), the Central Government may, if it is satisfied that all the assets and liabilities of the undertaking of the acquired insurer should, instead of vesting in the Central Government, or continuing to so vest, vest in a corporation or company, whether established under the scheme made under section 52I or not (hereafter in this section and in sections 52I to 52N and in the Eighth Schedule referred to as the acquiring insurer), by order, direct that the assets and liabilities of the said undertaking, shall vest in the acquiring insurer, either on the publication of the notified order or on such other date as may be specified in this behalf in the direction.

(5) Where the undertaking of the acquired insurer vests in an acquiring insurer under sub-section (4), the acquiring insurer shall, on and from the date of such vesting, be deemed to have become the transferee of the acquired insurer and all the rights and liabilities in relation to the acquired insurer shall, on and from the date of such vesting, be deemed to have been the rights and liabilities of such acquiring insurer.

(6) Unless otherwise expressly provided by or under this section or sections 52I to 52M, all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the appointed day and to which the acquired insurer is a party or which are in favour of the acquired insurer shall be of as full force and effect against or in favour, of the Central Government or, as the case may be, the acquiring insurer, and may be enforced or acted upon as fully and effectually as if in the place of the acquired insurer the Central Government or the acquiring insurer had been a party thereto or as if they had been issued in favour of the Central Government or the acquiring insurer, as the case may be.

(7) If, on the appointed day, any suit, appeal or other proceeding, of whatever nature, is pending by or against the acquired insurer, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertaking of the acquired insurer or of anything contained in this section or in sections 52I to 52M, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Central Government or the acquiring insurer, as the case may be.



52L. (1) The Central Government may make a scheme for carrying out the purposes of sections 52H and 52J to 52M (both inclusive) in relation to the acquired insurer.

Power  
of Cen-  
tral Gov-  
ernment  
to make  
Scheme.

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

(a) transfer of the undertaking, including the property, assets and liabilities of the acquired insurer to an acquiring insurer, and the capital, constitution, name and office of the acquiring insurer;

(b) the constitution of the first Board of management (by whatever name called) of the acquiring insurer and all such matters in connection therewith or incidental thereto as the Central Government may consider to be necessary or expedient;

(c) the continuance of the services of all the employees of the acquired insurer (excepting such of them as, not being workmen within the meaning of the Industrial Disputes Act, 1947, are specifically mentioned in the scheme) in the Central Government or in the acquiring insurer, as the case may be, on the same terms and conditions, so far as may be, as are specified in clauses (i) and (j) of sub-section (2) of section 37A so far as they may apply;

(d) the continuance of the rights of any person who, on the appointed day, is entitled to, or is in receipt of, a pension or other superannuation or compassionate allowance or benefit from the acquired insurer or any provident, pension or other fund or any authority administering such fund to be paid by, and to receive from the Central Government or the acquiring insurer, as the case may be, or any provident, pension or other fund or any authority administering such fund, the same pension, allowance or benefit so long as he observes the conditions on which the pension, allowance or benefit was granted, and if any question arises whether he has so observed such conditions, the question shall be determined by the Central Government and the decision of the Central Government thereon shall be final;

(e) the manner of payment to the acquired insurer in full satisfaction of his claim in relation to the compensation payable in accordance with the provisions of section 52J;

(f) the provision, if any, for completing the effectual transfer to the Central Government or the acquiring insurer of any asset or liability which forms part of the undertaking of the acquired insurer in any country outside India;

(g) such incidental, consequential and supplemental matters as may be necessary to secure that the transfer of the undertaking, property, assets and liabilities of the acquired insurer to the Central Government or the acquiring insurer, as the case may be, is effectual and complete.

(3) The Central Government may, by notification in the Official Gazette, add to, amend or vary any scheme made under this section.

(4) Every scheme made under this section shall be published in the Official Gazette.

(5) Copies of every scheme made under this section shall be laid before each House of Parliament as soon as may be after it is made.

(6) The provisions of sections 52H and 52J to 52M and of any scheme made under this section shall have effect notwithstanding anything to the contrary contained in any other provision of this Act or in any other law or any agreement, award or other instrument for the time being in force.

52J. (1) The acquired insurer shall be given by the Central Government or the acquiring insurer, as the case may be, such compensation in respect of the transfer of the undertaking of the acquired insurer as is determined in accordance with the principles contained in the Eighth Schedule.

(2) The amount of compensation to be given in accordance with the principles contained in the Eighth Schedule shall be determined, in the first instance, by the Central Government or the acquiring insurer, as the case may be, in consultation with the Controller, and shall be offered by it to the acquired insurer, in full satisfaction thereof.

(3) If the amount of compensation offered in terms of subsection (2) is not acceptable to the acquired insurer, he may, before such date as may be notified by the Central Government in the Official Gazette, request the Central Government in writing to have the matter referred to the Tribunal constituted under section 52K.

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(4) If before the date notified under sub-section (3) the Central Government does not receive request as provided in that sub-section, the amount of compensation offered under sub-section (2), or where a reference has been made to the Tribunal the amount determined by it, shall be the compensation payable under sub-section (1) and shall be final and binding on all the parties concerned.

(5) Where the Central Government does not receive request as provided in sub-section (3), the compensation payable in pursuance of the provisions of this section shall become due for payment on the expiry of one year from the appointed day, and where a reference has been made to the Tribunal under sub-section (3), the amount determined by the Tribunal as compensation shall become due for payment on the expiry of one year from the appointed day or on the date of decision of the Tribunal, whichever is earlier.

(6) If between the appointed day and the date on which the compensation becomes due in pursuance of sub-section (5), any facts come to light which call for revision of the amount of the compensation, the necessary modification of the amount of the compensation shall be made and the amount of the compensation so determined shall be the compensation payable in pursuance of sub-section (1).

(7) There shall also be paid simple interest at the rate of three per cent. per annum on the amount of the compensation for the period from the appointed day to the date on which payment of the compensation becomes due.

52K. (1) The Central Government may, for the purposes of sections 52H to 52J, constitute a Tribunal which shall consist of a Chairman and two other members.

Consti-  
tution  
of the  
Tribunal.

(2) The Chairman shall be a person who is, or has been, a Judge of a High Court or of the Supreme Court and of the two other members, one shall be a person who, in the opinion of the Central Government, has had experience of matters connected with general insurance and the other shall be a person who is a chartered accountant within the meaning of the Chartered Accountants Act, 1949.

38 of 1949.

(3) If, for any reason, a vacancy occurs in the office of the Chairman or any other member of the Tribunal, the Central Government may fill the vacancy by appointing another person there-to in accordance with the provisions of sub-section (2), and any proceeding may be continued before the Tribunal so constituted from the stage at which the vacancy occurred.

(4) The Tribunal may, for the purpose of determining any compensation payable under section 52J, choose one or more persons having special knowledge or experience of any relevant matter to assist it in the determination of such compensation.

Tribunal  
to have  
powers  
of Civil  
Court.

52L. (1) The Tribunal shall have the powers of a Civil Court, while trying a suit, under the Code of Civil Procedure, 1908, in respect of the following matters, namely:—

5 of 1908.

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on affidavits;

(d) issuing commissions for the examination of witnesses or documents.

(2) Notwithstanding anything contained in sub-section (1) or in any other law for the time being in force, the Tribunal shall not compel the Central Government or the Controller—

(a) to produce any books of account, or other documents which the Central Government or the Controller claims to be of a confidential nature;

(b) to make any such books or documents a part of the record of the proceedings before the Tribunal;

(c) to give inspection of any such books or documents to any party before it and to any other person.

(3) Any proceeding before the Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code and the Tribunal shall be deemed to be a Civil Court for the purposes of section 195 and Chapter XXXV of the Code of Criminal Procedure, 1898.

45 of 1860.

5 of 1898.

Proce-  
dure  
of the  
Tribu-  
nal.

52M. (1) The Tribunal shall have power to regulate its own procedure.

(2) The Tribunal may hold the whole or any part of its inquiry *in camera*.

(3) Any clerical or arithmetical error in any order of the Tribunal or any error arising therein from any accidental slip or omission may, at any time, be corrected by the Tribunal either of its own motion or on the application of any of the parties.

Special  
provisions  
for the  
dissolu-  
tion

52N. Where any acquired insurer, being a company, has in accordance with the provisions of this Act, collected and distributed any monies paid to him by the Central Government or the acquiring insurer, as the case may be, by way of compensation

or otherwise, and has also complied with any directions given to him by the Central Government or the acquiring insurer, as the case may be, for the purpose of securing that the ownership of any property or any right is effectively transferred to the Central Government or the acquiring insurer, as the case may be, the Central Government may, on application being made to it in this behalf by such insurer, grant a certificate to the insurer that there is no reason for the continued existence of the insurer, and upon the publication of such certificate, the insurer shall be dissolved.'

of acquir-  
ed in-  
surers.

23. In section 53 of the principal Act, in sub-section (2),—

Amend-  
ment of  
section  
53.

(a) in sub-clause (iii) of clause (b),—

(i) for the words "the returns", the words "any returns or statements" shall be substituted;

(ii) for the words "company is insolvent", the words "company is, or is deemed to be, insolvent" shall be substituted;

(b) in sub-clause (iv) of clause (b), after the words "interests of the policy-holders", the words "or to public interest generally" shall be inserted.

24. In section 58 of the principal Act, sub-section (5) shall be omitted.

Amend-  
ment of  
section  
58.

25. In section 64E of the principal Act, the words "the Tariff Committee and the other Committee thereof" shall be omitted.

Amend-  
ment  
of sec-  
tion 64E.

26. In section 64L of the principal Act, to sub-section (2), the following proviso shall be, and shall be deemed always to have been, added, namely:—

Amend-  
ment of  
section  
64L.

"Provided that if the General Insurance Council thinks fit, it may, by a resolution passed by it, waive the collection of the prescribed fees for any year and where any such resolution has been approved by the Central Government, the Executive Committee of the General Insurance Council shall not collect any fees in relation to that year."

27. Sections 64O to 64Q of the principal Act shall be omitted.

Omission  
of sec-  
tions 64O  
to 64Q.

28. In section 64R of the principal Act, in sub-section (2), the words "or the Tariff Committee appointed under section 64O" shall be omitted.

Amend-  
ment of  
section  
64R.

Insertion of new Parts IIB and IIC.

29. After Part IIA of the principal Act, the following Parts shall be inserted, namely:—

'PART IIB

TARIFF ADVISORY COMMITTEE AND CONTROL OF TARIFF RATES

Establishment of Tariff Advisory Committee.

64U. (1) With effect from the commencement of the Insurance (Amendment) Act, 1968, there shall be established a Committee, to be called the Tariff Advisory Committee (hereafter in this Part referred to as the Advisory Committee) to control and regulate the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business.

(2) The Advisory Committee shall be a body corporate having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract, and may, by the said name, sue and be sued.

Composition of the Advisory Committee.

64UA. (1) The Advisory Committee shall consist of the following members, namely:—

(a) the Controller of Insurance, *ex officio*, who shall be the Chairman;

(b) a senior officer of the office of the Controller nominated by the Controller, who shall be the Vice-Chairman;

(c) not more than ten representatives of Indian insurers, elected (in their individual capacities) by such insurers in such manner, from such areas and from among such insurers or groups of insurers as may be prescribed;

(d) not more than four representatives of insurers incorporated or domiciled elsewhere than in India but registered in India, elected (in their individual capacities) by such insurers in such manner, and from among such insurers or groups of insurers as may be prescribed.

(2) The Secretary to the Advisory Committee shall be an officer of the office of the Controller, nominated by the Controller.

Power to make rules in respect of matters in this Part.

64UB. (1) The Central Government may make rules to carry out the purposes of this Part.

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

(a) the functions to be discharged by the Advisory Committee;

(b) the term of office of the members of the Advisory Committee, the procedure for their election and the manner of filling casual vacancies in the Advisory Committee;

(c) the travelling and other allowances payable to the members of the Advisory Committee;

(d) the procedure for holding the meetings of the Advisory Committee and for transaction of business thereat.

(3) The Advisory Committee may, with the previous approval of the Central Government, make regulations for all or any of the following matters, namely:—

(a) the constitution, powers and duties of Regional Committees and of sub-committees constituted by the Advisory Committee or any Regional Committee;

(b) the method of election of candidates for Regional Committees and sub-committees, their eligibility, term of office and method of filling casual vacancies;

(c) the procedure for convening meetings and transaction of business by Regional Committees and sub-committees;

(d) the appointment of officers and other employees of the Advisory Committee and of Regional Committees or sub-committees constituted by or under the Advisory Committee or any Regional Committee and the terms and conditions of their service including travelling and other allowances;

(e) such other matters pertaining to procedure as are not inconsistent with the provisions of this Act or of rules made thereunder,

and may, from time to time, with the previous approval of the Central Government, add to, amend or vary any such regulations.

(4) The regulations made by the Tariff Committee of the General Insurance Council under section 640 as they were in force immediately before the commencement of the Insurance (Amendment) Act, 1968, shall, after such commencement, continue to be in force until rules are made by the Central Government under sub-section (1) and immediately after such rules have come into effect, the regulations aforesaid shall cease to be valid.

(5) The Controller of Insurance shall be in direct charge of the establishment of the Advisory Committee and the Secretary of the Advisory Committee shall work under his direction and control.

Power of the Advisory Committee to regulate rates, advantages, etc.

64UC. (1) The Advisory Committee may, from time to time and to the extent it deems expedient, control and regulate the rates, advantages, terms and conditions that may be offered by insurers in respect of any risk or of any class or category of risks, the rates, advantages, terms and conditions of which, in its opinion, it is proper to control and regulate, and any such rates, advantages, terms and conditions shall be binding on all insurers:

Provided that the Controller may, with the previous approval of the Central Government, permit any insurer to offer, during such period (being not more than two years but which may be extended by periods of not more than two years at a time) and subject to such conditions as may be specified by him, rates, advantages, terms or conditions different from those fixed by the Advisory Committee in respect of any particular category of risks, if he is satisfied that such insurer generally issues policies only to a restricted class of the public or under a restricted category of risks.

(2) In fixing, amending or modifying any rates, advantages, terms or conditions, relating to any risk, the Advisory Committee shall try to ensure, as far as possible, that there is no unfair discrimination between risks of essentially the same hazard, and also that consideration is given to past and prospective loss experience:

Provided that the Advisory Committee may, at its discretion, make suitable allowances for the degree of credibility to be assigned to the past experience, including allowances for random fluctuations and may also, at its discretion, make suitable allowances for future fluctuations and unforeseen future contingencies, including hazards of conflagration or catastrophe or both.

(3) Every decision of the Advisory Committee shall be valid only after and to the extent it is ratified by the Controller, and every such decision shall take effect from the date on which it is so ratified by the Controller, or, if the Controller so orders in any case, from such earlier date as he may specify in the order.

(4) The decisions of the Advisory Committee in pursuance of the provisions of this section shall be final.

(5) Where an insurer is guilty of breach of any rate, advantage, term or condition fixed by the Advisory Committee, he shall be deemed to have contravened the provisions of this Act:

Provided that instead of proceeding against the insurer for such contravention, the Controller may, if the insurer removes



the contravention by recovering the deficiency in the premium, or where it is not practicable to do so, modifies suitably or cancels the contract of insurance, compound the offence on payment to the Advisory Committee of such fine, not exceeding rupees one thousand, as he may decide in consultation with the Advisory Committee.

64UD. (1) Notwithstanding anything contained in this Part, until the names of the members of the Advisory Committee elected for the first time after the commencement of the Insurance (Amendment) Act, 1968, are notified, the Tariff Committee of the General Insurance Council appointed under regulations made under sub-section (2) of section 64O as it was in force immediately before the commencement of the Insurance (Amendment) Act, 1968, and in existence on such commencement (hereafter in this Part referred to as the Tariff Committee) shall continue to function and shall be deemed to be the Advisory Committee duly elected under this Part and the Controller of Insurance shall become the Chairman of that Committee with effect from the commencement of the Insurance (Amendment) Act, 1968, and function as such, and any Chairman of the Tariff Committee holding office immediately before such commencement shall cease to be the Chairman thereof from the date of such commencement but shall continue to be an ordinary member of the Advisory Committee.

Transitional provisions.

(2) Notwithstanding anything contained in this Part, the constitutions of the Regional Councils established under section 64P, as in force immediately before the commencement of the Insurance (Amendment) Act, 1968 (hereafter referred to as the Regional Councils), and of the Sectional Committees formed thereunder, existing immediately before such commencement, shall continue to be in full force and be of full effect until the regulations made by the Advisory Committee for the first time under section 64UB come into effect and as soon as such regulations have come into effect such constitutions shall cease to have effect.

(3) Notwithstanding anything contained in this Part, until the Secretary to the Advisory Committee is nominated under sub-section (2) of section 64UA, the Secretary to the Tariff Committee holding office immediately before the commencement of the Insurance (Amendment) Act, 1968, shall function as the Secretary and shall be deemed to have been duly nominated under this Part.

(4) All rates, advantages, terms and conditions fixed by the Tariff Committee or the Regional Councils prior to the com-

mencement of the Insurance (Amendment) Act, 1968 and in force immediately before such commencement shall continue, except to such extent as they may be altered, replaced or abolished by the Advisory Committee, to be valid and fully in force as if they were rates, advantages, terms and conditions fixed by the Advisory Committee.

Power of the Advisory Committee to require information, etc.

64UE. (1) The Advisory Committee may require, by notice in writing, any insurer to supply to it such information or statements, periodical or *ad hoc*, as it may consider necessary to enable it to discharge its functions under this Part and every insurer shall comply with such requirements within such period as may be specified by the Advisory Committee in this behalf, failing which the insurer shall be deemed to have contravened the provisions of this Act.

(2) Any information supplied under this section shall be certified by a principal officer of the insurer or where the Advisory Committee has agreed in advance, by such other officer or officers of the insurer as the principal officer of the insurer may nominate for the purpose and if the notice so requires, also by an auditor.

(3) The Controller may, at any time, in writing, depute any subordinate of his, to make a personal inspection of the books of account, ledgers, policy-registers and other books or documents of any insurer to verify the accuracy of any return or statement furnished by him under sub-section (1), or to verify that full particulars have been supplied by him in respect of all policies issued by him, and the insurer shall provide all facilities for such inspection, and make available to such person all the books of account, ledgers, policy-registers and other books or documents of the insurer which might be needed by him for such verification and the person deputed may himself extract from out of the books and records of the insurer such information as may be needed to fill up or complete the returns required to be submitted to the Advisory Committee under this section.

(4) The Advisory Committee may, at any time, on the application of an insurer, make arrangements for the inspection of an organisation which is concerned with the inspection of risks, adjustment of losses or fire fighting appliances, and may, whenever necessary, advise insurers about the adequacy of the arrangements for the inspection of risks and adjustment of losses or the suitability of such appliances:

Provided that no such inspection shall be made without the written permission of the concerned organisation.

64UF. (1) On the commencement of the Insurance (Amendment) Act, 1968, all the assets and liabilities of the General Insurance Council appertaining to its Tariff Committee and to its Regional Councils and their Sectional Committees existing on that day shall be transferred to, and vest in, the Advisory Committee.

Assets and liabilities of the general Insurance Council to vest in the Advisory Committee.

(2) The assets appertaining to the Tariff Committee, the Regional Councils, and their Sectional Committees shall be deemed to include all rights and powers and all property, whether movable or immovable, including, in particular, cash balances, reserve funds, investments, deposits and all other interests and rights in, or arising out of, such property as may be in the possession of the Tariff Committee, Regional Councils and their Sectional Committees and all books of account or documents thereof; and liabilities shall be deemed to include all debts, liabilities and obligations of whatever kind, existing and appertaining to the work of the Tariff Committee, the Regional Councils and their Sectional Committees.

(3) Where the General Insurance Council has established a provident or superannuation fund or any other fund for the benefit of the employees of its Tariff Committee or Regional Councils and constituted a trust in respect thereof (hereafter in this section referred to as an existing trust), the monies standing to the credit of any such fund at the commencement of the Insurance (Amendment) Act, 1968, shall, subject to the provisions of sub-section (4), stand transferred to, and vest in, on such commencement, the Advisory Committee.

(4) Where any employee of the Tariff Committee, or the Regional Councils, of the General Insurance Council does not become an employee of the Advisory Committee, the monies and other assets appertaining to any fund referred to in sub-section (3) shall be apportioned between the trustees of the fund and the Advisory Committee in the prescribed manner; and in case of any dispute regarding such apportionment, the decision of the Central Government thereon shall be final.

(5) The Advisory Committee shall, as soon as may be after the commencement of the Insurance (Amendment) Act, 1968, constitute in respect of the monies and other assets which are transferred to, and vested in, it under sub-section (3), one or more trusts having, as far as practicable, objects similar to the objects of the existing trust.

(6) Where all the monies and other assets belonging to an existing trust are transferred to, and vested in, the Advisory Committee under sub-section (3), the trustees of such trust shall, on the commencement of the Insurance (Amendment) Act, 1968, be discharged from the trust except as respects things done or omitted to be done by them before such commencement.

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64UG. (1) Unless otherwise expressly provided by or under this Act, all contracts, agreements and other instruments of whatever nature subsisting or having effect immediately before the commencement of the Insurance (Amendment) Act, 1968, and to which the Tariff Committee, or any Regional Council is a party or which is in favour of that Committee or that Council, shall be of as full force and effect against or in favour of the Advisory Committee and may be enforced or acted upon as fully and effectually as if, instead of the Tariff Committee, or the Regional Council, the Advisory Committee had been a party thereto or as if they had been entered into or issued in favour of the Advisory Committee.

(2) If, at the commencement of the Insurance (Amendment) Act, 1968, any suit, appeal or other legal proceeding of whatever nature is pending by or against the Tariff Committee, or any Regional Council then it shall not abate, be discontinued or in any way be prejudicially affected by reason of the transfer to the Advisory Committee of the assets and liabilities of the Tariff Committee, and the Regional Councils or of anything done under this Act, but the suit, appeal or other proceeding may be continued, prosecuted or enforced by or against the Advisory Committee.

Emplo-  
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to con-  
tinue.

64UH. (1) Every whole-time employee of the Tariff Committee, or the Regional Councils who was employed by that Committee or those Councils wholly or mainly in connection with its or their statutory duties immediately before the commencement of the Insurance (Amendment) Act, 1968, shall, on and from such commencement, become an employee of the Advisory Committee and shall hold his office in it by the same tenure, at the same remuneration, and upon the same terms and conditions and with the same rates and privileges as to pension, gratuity and other matters as he would have held on such commencement if this Part had not been enacted, and shall continue to do so until his

employment under the Advisory Committee is terminated or until his remuneration, terms and conditions, are duly altered by the Advisory Committee:

Provided that nothing contained in this sub-section shall apply to any employee who has given notice to the Central Government in writing either prior to or within two months from the commencement of the Insurance (Amendment) Act, 1968, intimating his intention of not becoming an employee of the Advisory Committee.

(2) Where the Central Government is satisfied that for the purpose of securing uniformity in the scales of pay, remuneration and other terms and conditions of service applicable to employees of the Tariff Committee, or the Regional Councils, it is necessary so to do, or that a reduction in the remuneration payable or revision of the other terms and conditions of service applicable to employees or any class of them is called for, the Central Government may, notwithstanding anything contained in sub-section (1), or in the Industrial Disputes Act, 1947, or in any other law for the time being in force or in any award, settlement, or agreement for the time being in force, alter (whether by way of reduction or otherwise) the remuneration and other terms and conditions of service to such extent and in such manner as it thinks fit; and if the alteration is not acceptable to any employee, the Advisory Committee may terminate his employment by giving him compensation equivalent to three months' remuneration, unless the contract of service with such employee provides for a shorter notice of termination.

14 of 1947.

*Explanation.*—The compensation payable to an employee under this sub-section shall be in addition to, and shall not affect any pension, gratuity, provident fund money or any other benefit to which the employee may be entitled under his contract of service.

(3) If any question arises as to whether any person was a whole-time employee of the Tariff Committee, or the Regional Council, on the commencement of the Insurance (Amendment) Act, 1968, or as to whether any employee was employed wholly or mainly in connection with the statutory duties of the Tariff Committee, or any Regional Council, immediately before such commencement, the question shall be referred to the Central Government whose decision thereon shall be final.

(4) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any employee of the Tariff Committee, or the Regional Councils, to the Advisory Committee shall not entitle any such employee to any compensation under that Act or other law, and no such claim shall be entertained by any court, Tribunal or other authority. 14 of 1947.

Duty of person having custody or control of property to deliver such property to the Advisory Committee.

64UI. (1) Where any property of the Tariff Committee, or the Regional Councils (appertaining to its or their statutory duties) has been transferred to, and vested in, the Advisory Committee, then,—

(a) every person in whose possession, custody or control any such property may be, shall deliver the property to the Advisory Committee forthwith;

(b) any person, who, on the commencement of the Insurance (Amendment) Act, 1968, has in his possession, custody or control any books, documents and other papers relating to the Tariff Committee, or the Regional Councils, shall be liable to account for the said books, documents and papers to the Advisory Committee and shall deliver them to the Advisory Committee or to such person as that Committee may direct.

(2) Without prejudice to the provisions contained in this section, it shall be lawful for the Advisory Committee to take all necessary steps for securing possession of all properties which have been transferred to, and vested in, it under this Act.

Power of the Advisory Committee to constitute Regional Committees.

64UJ. (1) The Advisory Committee may constitute such Regional Committees as and when it deems fit for one or more of the prescribed regions.

(2) Each Regional Committee shall consist of not more than seven persons of which not more than five shall be elected by such groups of insurers carrying on general insurance business in the region as may be prescribed and not more than two shall be nominated by the Controller.

(3) For the purpose of enabling it effectively to discharge its duties, any Regional Committee may constitute such sub-committees as it may think fit, whether consisting of members of the Regional Committee or not.

(4) It shall be the duty of every Regional Committee to advise the Advisory Committee on any question connected with the fixation of rates, advantages, terms and conditions for risks in its region which may be referred to it by the Advisory

Committee for advice, and in addition, every Regional Committee shall perform such other functions as may be delegated to it by the Advisory Committee by regulations made by it with the previous approval of the Central Government.

(5) Where, in the exercise of any functions delegated to it under this section, any Regional Committee or any sub-committee thereof restrains an insurance agent from procuring or causing to be procured general insurance business in any area, such agent may prefer an appeal to the Central Government against such order within thirty days from the date of service of that order on him and the Central Government may, after giving such agent an opportunity of being heard, pass such orders thereon as it may think fit and the orders made by the Central Government on such appeal shall be final.

(6) Notwithstanding anything contained in this section, every Regional Council and every Sectional or other Committee of such Regional Council, in existence immediately before the commencement of the Insurance (Amendment) Act, 1968, shall, until it is abolished by the Advisory Committee, be deemed to be a Regional Committee or sub-committee as the case may be, established in accordance with the provisions of this section and shall function as such and shall have all the powers and responsibilities which it had immediately before such commencement, and if the term of any such Council or committee expires before Regional Committees constituted under sub-section (1) and sub-committees constituted under sub-section (3) come into existence, such terms shall be deemed to have been validly extended up to the time when such Regional Committees and sub-committees are established.

64UK. (1) Every insurer shall annually before the prescribed date make payment to the Advisory Committee in the prescribed manner of such fees, not exceeding for any year, in the case of an insurer doing only re-insurance business in India, one per cent. of his total premiums in respect of facultative re-insurance accepted by him in India in the preceding year and, in the case of any other insurer, one per cent. of the total gross premium written direct by him in India in the preceding year, as may be specified by the Advisory Committee for the purpose of this Part.

Levy of fees by the Advisory Committee.

(2) The Advisory Committee may collect, in addition to the fees mentioned in sub-section (1), reasonable fees and charges from any person to cover the cost of any specific services rendered by it.

(3) If an insurer fails to make payment within the prescribed date of any fee required to be paid under sub-section (1) he shall be deemed to have failed to comply with the provisions of this Act.

(4) The Controller may, so long as an application to the Court under sub-section (5D) of section 3 has not been made, revive the registration which might have been cancelled for failure to make payment of the fee required to be made under sub-section (1), if the insurer makes payment of such fee together with such penalty not exceeding the actual amount of fee payable as the Controller may require.

Power to remove difficulties.

64UL. If any difficulty arises in giving effect to the provisions of this Part, the Central Government may, by order, make such provisions or give such directions not inconsistent with the provisions of this Act as may appear to it to be necessary or expedient for the removal of the difficulty:

Provided that no such power shall be exercised after the expiry of a period of four years from the commencement of this Part.

Licensing of surveyors and loss assessors.

64UM. (1) (A) Save as otherwise provided in this section, no person shall act as a surveyor or loss assessor in respect of general insurance business after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, unless he holds a valid licence issued to him by the Controller.

(B) Every person who intends to act as a surveyor or loss assessor after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, shall make an application to the Controller within such time, in such form, in such manner and on payment of such fee, not exceeding rupees two hundred and fifty, as may be prescribed.

(C) Every licence issued under this section shall remain in force, unless cancelled earlier, for a period of five years from the date of issue thereof, and may be renewed for a period of five years at a time, on payment of such fee, not exceeding rupees two hundred, as may be prescribed.

(D) No licence to act as a surveyor or loss assessor shall be issued unless—

(i) the applicant, where he is an individual, satisfies the Controller that he—

(a) has been in practice as a surveyor or loss assessor on the 26th day of October, 1968, or



(b) holds a degree of a recognized University in any branch of engineering, or

(c) is a fellow or associate member of the Institute of Chartered Accountants of India or the Institute of Cost and Works Accountants of India, or

(d) possesses actuarial qualifications or holds a degree or diploma of any recognized University or institute in relation to insurance, or

(e) holds a diploma in insurance granted or recognized by the Government, or

(f) possesses such other technical qualification as may be prescribed, and

(g) does not suffer from any of the disqualifications mentioned in sub-section (4) of section 42;

(ii) the applicant, where he is a company or firm, satisfies the Controller that all his directors or partners, as the case may be, possess one or more of the qualifications specified in clause (i) and none of such directors or partners suffer from any of the disqualifications mentioned in sub-section (4) of section 42.

(E) Every application for the renewal of the licence shall be made at least thirty days before the expiry of the period of validity thereof.

(F) The Controller may, if he is satisfied that any licence issued or renewed under this section has been lost or destroyed, issue a duplicate licence on payment of a fee of rupees five and the duplicate licence so issued shall remain in force for the remainder of the period of validity of the licence in lieu of which it is issued.

(G) Without prejudice to the powers conferred by sub-section (7), the Controller, if satisfied that the holder of any licence has made a statement which is false in material particulars with regard to his eligibility for obtaining such licence or has, after the issue or renewal of such licence, acquired any of the disqualifications mentioned in sub-section (4) of section 42, may, after giving a reasonable opportunity to the holder of such licence of being heard, by order cancel such licence and notify such cancellation in the Official Gazette.

(2) No claim in respect of a loss which has occurred in India and requiring to be paid or settled in India equal to or exceeding twenty thousand rupees in value on any policy of insurance, arising or intimated to an insurer at any time after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, shall, unless otherwise directed by the Controller, be admitted for payment or settled by the insurer unless he has obtained a report, on the loss that has occurred, from a person who holds a licence issued under this section to act as a surveyor or loss assessor (hereafter referred to as "approved surveyor or loss assessor"):

Provided that nothing in this sub-section shall be deemed to take away or abridge the right of the insurer to pay or settle any claim at any amount different from the amount assessed by the approved surveyor or loss assessor.

(3) The Controller may, at any time, in respect of any claim of the nature referred to in sub-section (2), call for an independent report from any other approved surveyor or loss assessor specified by him and such surveyor or loss assessor shall furnish such report to the Controller within such time as may be specified by the Controller or if no time limit has been specified by him within a reasonable time and the cost of, or incidental to, such report shall be borne by the insurer.

(4) The Controller may, on receipt of a report referred to in sub-section (3), issue such directions as he may consider necessary with regard to the settlement of the claim including any direction to settle a claim at a figure less than, or more than, that at which it is proposed to settle it or it was settled and the insurer shall be bound to comply with such directions:

Provided that where the Controller issues a direction for settling a claim at a figure lower than that at which it has already been settled, the insurer shall be deemed to comply with such direction if he satisfies the Controller that all reasonable steps with due regard to the question whether the expenditure involved is not disproportionate to the amount required to be recovered, have been taken with due despatch by him:

Provided further that no direction for the payment of a lesser sum shall be made where the amount of the claim has already been paid and the Controller is of opinion that the recovery of the amount paid in excess would cause undue hardship to the insured:

Provided also that nothing in this section shall relieve the insurer from any liability, civil or criminal, to which he would have been subject but for the provisions of this sub-section.

(5) No insurer shall, after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, pay to any person any fee or remuneration for surveying, verifying or reporting on a claim of loss under a policy of insurance unless the person making such survey, verification or report is an approved surveyor or loss assessor.

(6) Where, in the case of a claim of less than twenty thousand rupees in value on any policy of insurance it is not practicable for an insurer to employ an approved surveyor or loss assessor without incurring expenses disproportionate to the amount of the claim, the insurer may employ any other person (not being a person disqualified for the time being for being employed as a surveyor or loss assessor) for surveying such loss and may pay such reasonable fee or remuneration to the person so employed as he may think fit.

(7) If the Controller is satisfied that an approved surveyor or loss assessor has been guilty of wilfully making a false statement knowing it to be false or of being knowingly a party to the settlement of a claim in a fraudulent manner, he may, after giving such surveyor or loss assessor an opportunity of being heard, cancel the licence issued to him with effect from such date as may be specified by him and shall notify such cancellation in the Official Gazette.

(8) Any surveyor or loss assessor whose licence has been cancelled shall not be eligible for having a licence to act as a surveyor or loss assessor for a period of three years from the date on which the cancellation is notified in the Official Gazette.

(9) The Controller may in respect of any claim of value of less than twenty thousand rupees on an insurance policy, if the claim has not been or is not proposed to be reported upon by a surveyor or loss assessor, direct that such claim shall be reported upon by an approved surveyor or loss assessor and where the Controller makes such direction, the provisions of sub-sections (3) and (4) shall apply in respect of such claim.

(10) Where, in relation to any class of claims, the Central Government is satisfied that it is customary to entrust the work of survey or loss assessment to any person other than a licensed surveyor or loss assessor, or it is not practicable to make any survey or loss assessment, it may, by an order published in the Official Gazette, exempt such class of claims from the operation of this section.

## PART IIC

SOLVENCY MARGIN, ADVANCE PAYMENT OF PREMIUM AND RESTRICTIONS ON  
THE OPENING OF A NEW PLACE OF BUSINESS

Assets  
and  
liabilities  
how to be  
valued.

64V. (1) For the purpose of ascertaining compliance with the provisions of section 64VA,—

(i) assets shall be valued at values not exceeding their market or realisable value and the assets hereafter mentioned shall be excluded to the extent indicated, namely:—

(a) agents' balances and outstanding premiums in India, to the extent they are not realised within a period of thirty days;

(b) agents' balances and outstanding premiums outside India, to the extent they are not realisable;

(c) sundry debts, to the extent they are not realisable;

(d) advances of an unrealisable character;

(e) furniture, fixtures, dead stock and stationery;

(f) deferred expenses;

(g) profit and loss appropriation account balance and any fictitious assets other than pre-paid expenses;

(ii) a proper value shall be placed on every item of liability and liabilities in respect of share capital, general reserve and other reserves of similar nature not created to meet specific liabilities and investment reserve, reserve for bad and doubtful debts, and depreciation fund shall be excluded and liabilities hereafter mentioned shall be included to the extent indicated, namely:—

(a) provision for dividends declared or recommended, and outstanding dividends in full;

(b) reserves for unexpired risks in respect of—

(i) fire and miscellaneous business, 40 per cent.,

(ii) marine cargo business, 40 per cent., and

(iii) marine hull business, 100 per cent.,

of the premium, net of re-insurances, during the preceding twelve months;

(c) estimated liability in respect of outstanding claims, in full;

(d) amount due to insurance companies carrying on insurance business, in full;

(e) amounts due to sundry creditors, in full;

(f) provision for taxation, in full.

*Explanation.*—In the case of an insurer whose principal place of business or domicile is outside India, where in the accounts filed with the public authority of the country in which the insurer is constituted, incorporated or domiciled, in respect of marine insurance business, the provisions for unexpired risks and outstanding claims are not shown separately, the liabilities under items (b) and (c) of clause (ii) in respect of marine insurance business shall be taken together at a figure of not less than the total premium less re-insurances in respect of that class of business during the preceding twelve months.

(2) Every insurer shall furnish to the Controller with his returns under section 15 or section 16, as the case may be, a statement certified by an auditor, of his assets and liabilities assessed in the manner required by this section as on the 31st day of December of the preceding year.

**64VA. (1)** An insurer shall, at all times, maintain an excess of the value of his assets over the amount of his liabilities not less than the amount arrived at as follows (hereafter in this section referred to as the "relevant amount"), namely:—

(i) in the case of an insurer whose total premium income less re-insurances in respect of general insurance business (hereafter in this sub-section referred to as the "said income") in the preceding twelve months did not exceed five crores of rupees, one-fifth of the said income subject to a minimum of—

(a) five lakhs of rupees in the case of an insurer who is a co-operative society registered under the Co-operative Societies Act, 1912 or any other law for the time being in force in any State relating to co-operative societies, or

(b) ten lakhs of rupees in the case of any other insurer; and

(ii) in the case of an insurer whose said income in the preceding twelve months exceeded five crores of rupees, the aggregate of one-fifth of the first five crores of rupees of

the said income and one-tenth of the amount by which the said income in the preceding twelve months exceeded five crores of rupees:

Provided that where a number of insurers occupying the status of parent and subsidiary companies prepare, under the laws of the country of origin of the parent company, a consolidated balance-sheet, the provisions of this sub-section shall apply to such of them as are not members of any group as if they constituted a single insurer, subject to the further condition that the relevant amount shall, in no case, be less than a sum equal to,—

(i) the number of such insurers multiplied by ten lakhs of rupees, or

(ii) where all the insurers are co-operative societies registered under the Co-operative Societies Act, 1912, or <sup>2 of 1912.</sup> any other law for the time being in force in any State relating to co-operative societies, the number of such insurers multiplied by five lakhs of rupees:

Provided further that if in respect of any insurer the Central Government is satisfied that either by reason of an unfavourable claim experience or because of a sharp increase in the volume of new business, or for any other reason, compliance with the provisions of this sub-section would cause undue hardship to the insurer, it may direct that for such period and subject to such conditions as it may specify, the provisions of this sub-section shall apply to that insurer with the modification that instead of the proportion of one-fifth, wherever mentioned in this sub-section, such other proportion being not less than one-tenth as may be specified by that Government shall be applicable to that insurer:

Provided also that in the case of an insurer carrying on insurance business at the commencement of the Insurance (Amendment) Act, 1968, it shall be sufficient compliance with the provisions of this sub-section until the 31st December, 1972 or until such subsequent date, not being later than 31st December, 1976, as the Central Government may, at its discretion, allow for any particular insurer, if he progressively brings up the excess of the value of his assets over the amount of his liabilities, in such manner as may be prescribed, to the relevant amount.

(2) An insurer who does not comply with the provisions of sub-section (1) shall be deemed to be insolvent and may be wound up by the court.

(3) The Controller shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets and liabilities of any insurer or for securing the particulars necessary to establish that the requirements of this section have been complied with as on any date and the insurer shall comply with any requisition made in this behalf by the Controller, and if he fails to do so within two months from the receipt of the requisition, he shall be deemed to have made default in complying with the requirements of this section.

(4) The provisions of this section shall not apply to an insurer specified in sub-clause (c) of clause (9) of section 2.

(5) In applying the provisions of sub-section (1) to any insurer, who is a member of a group, the relevant amount for that insurer shall be an amount equal to that proportion of the relevant amount which that group, if considered as a single insurer, would have been required to maintain as the proportion of his share of the risk on each policy issued by the group bears to the total risk on that policy:

Provided that when a group of insurers ceases to be a group, every insurer in that group who continues to carry on any class of insurance business in India, shall comply with the requirements of sub-section (1) as if he had not been an insurer in a group at any time:

Provided further that it shall be sufficient compliance with the provisions of the foregoing proviso if the insurer brings up the excess of the value of his assets over the amount of his liabilities to the required amount within a period of six months from the date of cessation of the group;

Provided also that the Central Government may, on sufficient cause being shown, extend the said period of six months by such further periods as it may think fit, so however that the total period may not in any case exceed one year.

(6) The Central Government may, by notification in the Official Gazette, reduce the sum of ten lakhs of rupees or five lakhs of rupees, as the case may be, referred to in sub-section (1) to a lower figure not less than one hundred thousand rupees in respect of a country craft insurer or in respect of an insurer not

having a share capital and carrying on only such insurance business as, in the opinion of the Central Government, is not carried on ordinarily by insurers under separate policies.

No risk to be assumed unless premium is received in advance.

64VB. (1) No insurer shall assume any risk in India in respect of any insurance business on which premium is not ordinarily payable outside India unless and until the premium payable is received by him or is guaranteed to be paid by such person in such manner and within such time as may be prescribed or unless and until deposit of such amount as may be prescribed, is made in advance in the prescribed manner.

(2) For the purposes of this section, in the case of risks for which premium can be ascertained in advance, the risk may be assumed not earlier than the date on which the premium has been paid in cash or by cheque to the insurer.

*Explanation.*—Where the premium is tendered by postal money order or cheque sent by post, the risk may be assumed on the date on which the money order is booked or the cheque is posted, as the case may be.

(3) Any refund of premium which may become due to an insured on account of the cancellation of a policy or alteration in its terms and conditions or otherwise shall be paid by the insurer directly to the insured by a crossed or order cheque or by postal money order and a proper receipt shall be obtained by the insurer from the insured, and such refund shall in no case be credited to the account of the agent.

(4) Where an insurance agent collects a premium on a policy of insurance on behalf of an insurer, he shall deposit with, or despatch by post to, the insurer, the premium so collected in full without deduction of his commission within twenty-four hours of the collection excluding bank and postal holidays.

(5) The Central Government may, by rules, relax the requirements of sub-section (1) in respect of particular categories of insurance policies.

Restrictions on the opening of a new place of business.

64VC. (1) No insurer shall, after the commencement of the Insurance (Amendment) Act, 1968, open a new place of business in India or change otherwise than within the same city, town or village, the location of an existing place of business situated in India without obtaining the prior permission of the Controller.



(2) The Controller may grant permission under sub-section (1) subject to such conditions as he may think fit to impose either generally or with reference to any particular case.

(3) Where, in the opinion of the Controller, an insurer has, at any time, failed to comply with any of the conditions imposed on him under this section, the Controller may, by order in writing and after affording reasonable opportunity to the insurer for showing cause against the action proposed to be taken against him, revoke any permission granted under this section.

*Explanation.*—For the purposes of this section, “place of business” includes a branch, sub-branch, inspectorate, organisation office and any other office, by whatever name called.

30. In section 96 of the principal Act, the words “Mutual Insurance Companies and” shall be omitted.

Amendment of section 96.

31. In section 97 of the principal Act, for the words and figures “No Mutual Insurance Company incorporated after the 26th day of January, 1937, and no Co-operative Life Insurance Society registered after that date”, the words and figures “No Co-operative Life Insurance Society registered after the 26th day of January, 1937” shall be substituted.

Amendment of section 97.

32. In section 98 of the principal Act,—

(a) in sub-section (1), the words “Mutual Insurance Company and every” shall be omitted;

(b) in sub-section (3), the words “a Mutual Insurance Company and” shall be omitted.

Amendment of section 98.

33. After section 101B of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 101C.

“101C. The Controller may, at any time,—

Examination of re-insurance treaties.

(a) call upon an insurer to submit for his examination at the principal place of business of the insurer in India all re-insurance treaties and other re-insurance contracts entered into by the insurer;

(b) examine any officer of the insurer on oath in relation to any such document as is referred to in clause (a) above; or

(c) by notice in writing, require any insurer to supply him with copies of any of the documents referred to in clause (a), certified by a principal officer of the insurer.”

Amendment  
of Section  
102.

34. In section 102 of the principal Act, after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) If any person fails to produce any book, account or other document or to furnish any statement or information which, under sub-section (2) of section 33 or under sub-section (3) of section 64UE, it is his duty to produce or furnish, or to answer any question relating to the business of an insurer which he is asked by an officer making an inspection under either of those sections, he shall be punishable with fine which may extend to two thousand rupees in respect of each failure and if the failure continues, to a further fine which may extend to one hundred rupees for each day after the first, during which such failure continues.”.

Insertion  
of new  
section  
107A.  
Chair-  
man, etc.,  
to be  
public  
servants.

35. After section 107 of the principal Act, the following section shall be inserted, namely:—

“107A. Every whole-time Chairman, whole-time director, auditor, liquidator, manager and any other employee of an insurer shall be deemed to be a public servant for the purposes of Chapter IX of the Indian Penal Code.”.

45 of 1860.

Amend-  
ment of  
section  
109.

36. Section 109 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-section shall be inserted, namely:—

“(2) No court shall take cognizance of any offence punishable under sub-section (4) of section 34B or sub-section (1A) of section 102 except upon complaint in writing made by an officer of the Central Government generally or specially authorised in writing, in this behalf by the Controller, and no court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any such offence.”.

Insertion  
of new  
sections  
110D,  
110E,  
110F,  
110G and  
110H.

37. After section 110C of the principal Act, the following sections shall be inserted, namely:—

Certain  
claims  
for com-  
pensation  
barred.

“110D. No person shall have any right, whether in contract or otherwise, to any compensation for any loss incurred by reason of the operation of any of the provisions contained in section 34 or section 34A or section 34E or section 37A or by reason of the compliance by an insurer with any order or direction given to him under this Act.

31 of 1956.

110E. Notwithstanding anything contained in the Life Insurance Corporation Act, 1956, the provisions of sections 3A, 27B, 28B, 33, 34, clause (a) of section 34E, 34F, 40C, 44A, 64U to 64UM (both inclusive), 64V, 64VA, 64VB, 64VC, 101A, 101C, 110D, 110G and 110H, shall also apply, so far as may be, to and in relation to the general insurance business carried on by the Life Insurance Corporation of India and the provisions of section 37A shall also apply to that Corporation if it becomes an acquiring insurer.

Sections 3A, 27B, 28B, 33, etc., to apply to general insurance business of the Life Insurance Corporation of India.

1 of 1956.

110F. The provisions of sections 3, 3A, 27B, 28B, 33, 34, clause (a) of section 34E, 34F, 40A, 40C, 44A, 64U to 64UM (both inclusive), 64V, 64VA, 64VB, 64VC and 101A, 101C, 110D, 110G and 110H shall, notwithstanding any exemption granted under section 118, also apply, so far as may be, to and in relation to the general insurance business carried on by a State Government or a Government company as defined in section 617 of the Companies Act, 1956.

Provisions applicable to State Governments, etc.

110G. (1) The Central Government shall constitute a consultative Committee consisting of the Controller (who shall be the Chairman thereof) and not more than four other members having special knowledge and experience of the business of insurance.

Constitution of Consultative Committee.

(2) The term of office of, and the allowances payable to the members of the Consultative Committee, the procedure to be followed by, and the quorum necessary for the transaction of business of, the Consultative Committee and the manner of filling casual vacancies therein shall be such as may be prescribed.

(3) Before making any order under sections 34, 34A, 34B, 34C, 34E, 34F, 34G, sub-sections (4) and (7) of section 64UM and section 64VC, the Controller shall consult the Consultative Committee constituted under sub-section (1).

110H. (1) Any person aggrieved by any order made by the Controller under sections 34, 34A, 34B, 34C, 34E, 34F, 34G, sub-sections (1), (4) and (7) of section 64UM or section 64VC may, within a period of thirty days from the date of such order prefer an appeal against such order to the Central Government and that Government may, by order, confirm, modify or reverse the order made by the Controller and the order so made by the Central Government shall be final.

Appeals.

(2) No claim for compensation shall lie in favour of any person for anything done in pursuance of an order of the Controller so long as such order was effective.

(3) The Central Government may, on the application of an appellant, stay, until the decision of the appeal, the operation of any order made under section 34 or sub-section (5) of section 34B or sub-clause (v) of clause (b) of section 34E."

Amendment of section 116A.

38. In section 116A of the principal Act, in the proviso, for the word, figures and letter "section 28A", the words, figures and letters "section 28A or section 28B" shall be substituted.

Amendment of Form F in Third Schedule.

39. For clause (a) under Notes, below Form F of Part II of the Third Schedule, the following shall be substituted, namely:—

"(a) This item must include all expenses directly incurred in relation to assessment of claims of the nature of survey fees, fees for police reports, legal fees, court expenses and other similar charges, but should not include any establishment or administration expenses except in so far as they relate to any employee exclusively employed on survey or assessment of losses."

Insertion of Eighth Schedule.

40. After the Seventh Schedule to the principal Act, the following Schedule shall be inserted, namely:—

#### THE EIGHTH SCHEDULE

(See section 52J)

##### PRINCIPLES OF COMPENSATION

The compensation to be given under section 52J shall be an amount equal to the value of the assets of the acquired insurer as on the day immediately before the appointed day, computed in accordance with the provisions of Part I of this Schedule less the total amount of liabilities thereof as on that day, computed in accordance with the provisions of Part II of this Schedule.

##### PART I

##### Assets

For the purposes of this Part, "value of assets" means the total of the following:—

- (a) the market value of any land or buildings;
- (b) the market value of any securities, shares, debentures, bonds and other investments, held by the acquired insurer.

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

- (i) securities of the Central Government, such as Post Office Certificates and Treasury Savings Deposit Certificates and any other securities or certificates

issued or to be issued under the Small Savings Scheme of the Central Government, shall be valued at their encashable value as on the appointed day;

(ii) where the market value of any Government security such as the zamindari abolition bonds or other similar security, in respect of which the principal is payable in instalments, is not ascertainable or is, for any reason, not considered as reflecting the fair value thereof or as otherwise appropriate, the security shall be valued at such an amount as is considered reasonable, having regard to the instalments of principal and interest remaining to be paid, the period during which such instalments are payable, the yield of any security, issued by the Government to which the security pertains and having the same or approximately the same maturity, and other relevant factors;

(iii) where the market value of any security, share, debenture, bond or other investment is not considered reasonable by reason of its having been affected by abnormal factors, the investment may be valued on the basis of its average market value over any reasonable period;

(iv) where the market value of any security, share, debenture, bond or other investment is not ascertainable, only such value, if any, shall be taken into account as is considered reasonable, having regard to the financial position of the issuing concern, the dividend paid by it during the preceding five years and other relevant factors;

(c) the total amount of the premiums paid by the acquired insurer in respect of all leasehold properties, reduced in the case of each such premium by an amount which bears to such premium the same proportion as the expired term of the lease in respect of which such premium shall have been paid bears to the total term of the lease;

(d) the written down value as per books, or the realisable value, as may be considered reasonable, of all furniture, fixtures and fittings;

(e) the amount of debts due to the insurer, whether secured or unsecured, to the extent to which they are reasonably considered to be recoverable;

(f) the amount of cash held by the insurer whether in deposit with a bank or otherwise;

(g) the market or realisable value, as may be appropriate, of other assets appearing on the books of the insurer, no value being allowed for capitalised expenses, such as share selling commission, organisational expenses and brokerage, losses incurred and similar other items.

## PART II

### *Liabilities*

The total amount of the liabilities of the insurer shall include—

(i) reserves for unexpired risks being in respect of each policy, such portion of the last premium paid as is proportionate to the unexpired portion of the policy in respect of which the premium was paid;

(ii) the total amount of all other liabilities of the insurer existing on the appointed day, including all contingent liabilities which the Central Government or the acquiring insurer may reasonably be expected to be required to meet out of its own resources on or after the appointed day.

#### CERTAIN DIVIDENDS NOT TO BE TAKEN INTO ACCOUNT

No separate compensation shall be payable for any profits or any dividend in respect of any period immediately preceding the appointed day, for which, in the ordinary course, profits would have been transferred or dividend declared after the appointed day.

Amend-  
ment of  
Act 21  
of 1965.

41. In section 32 of the Payment of Bonus Act, 1965, in clause (i), the words "employees employed by any insurer carrying on general insurance business and the" shall be omitted.

Rep. by Act... 56 of 1974, S. 2 & Sch. I

## THE INDIAN TARIFF (AMENDMENT) ACT, 1968

No. 63 OF 1968

[31st December, 1968]

### An Act further to amend the Indian Tariff Act, 1934.

Be it enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

1. (1) This Act may be called the Indian Tariff (Amendment) Act, 1968. Short title and commencement.

(2) The provisions of clauses (a), (d) and (e) of section 2 shall come into force on the 1st day of January, 1969, and the remaining provisions shall come into force at once.

32 of 1934.

2. In the First Schedule to the Indian Tariff Act, 1934,—

(a) in Item No. 28(35), in the last column headed "Duration of protective rates of duty", for the figures "1968", wherever they occur, the figures "1971" shall be substituted;

Amendment of First Schedule.

(b) in Items Nos. 28(36) and 28(37),—

(i) in the fourth column headed "Standard rate of duty", for the figures "90", wherever they occur, the figures "50", and for the figures "100", wherever they occur, the figures "60" shall be substituted;

(ii) in the last column headed "Duration of protective rates of duty", for the figures "1968", wherever they occur, the figures "1971" shall be substituted;

**REPEALED**

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*Indian Tariff (Amendment)*

[ACT 63

(c) after Item No. 28(37), the following Items shall be inserted, namely:—

1	2	3	4	5	6	7
“28(38) The following dye intermediates, namely,—						
	(1)	Ortho anisidine,				
	(2)	Phenyl Peri Acid,				
	(3)	J. Acid,				
	(4)	Ortho Toluidine,				
	(5)	4-Chloro-2-Nitro Aniline,				
	(6)	Diethyl Meta Amino Phenol,				
	(7)	Para Anisidine,				
	(8)	Para Toluidine,				
	(9)	Diamino Stilbene Disulphonic Acid—				
	(a)	of British manufacture ;	Protective	90 per cent	.. ..	December 31st, 1971.
				<i>ad valorem.</i>		
	(b)	not of British manufacture.	Protective	100 per cent	.. ..	December 31st, 1971.
				<i>ad valorem.</i>		
(39) The following dye intermediates, namely,—						
	(1)	Anthraquinone,				
	(2)	Aceto-acet-anilide,				
	(3)	Aceto-acet-o-Toluidide,				
	(4)	Tobias Acid,				
	(5)	Aceto-Acet-o-Chloro-anilide,				
	(6)	C acid (2 chloro-5-toluidine-4-sulphonic acid or 6-chloro-m-toluidine-4-sulphonic acid)—				
	(a)	of British manufacture ;	Protective	50 per cent	.. ..	December 31st, 1971.
				<i>ad valorem.</i>		
	(b)	not of British manufacture.	Protective	60 per cent	.. ..	December 31st, 1971.
				<i>ad valorem.</i>		



- | 1      | 2   | 3                                   | 4 | 5 | 6 | 7 |
|--------|---|-------------------------------------|---|---|---|---|
| 28(40) | The following dye intermediates, namely,— |                                     |   |   |   |   |
|        | (1)                                       | M-nitro-aniline,                    |   |   |   |   |
|        | (2)                                       | M-nitro-p-toluidine (MNPT),         |   |   |   |   |
|        | (3)                                       | Metanilic acid,                     |   |   |   |   |
|        | (4)                                       | I-amino-anthraquinone,              |   |   |   |   |
|        | (5)                                       | Phenyl J. acid,                     |   |   |   |   |
|        | (6)                                       | 1:5 di-amino-anthraquinone,         |   |   |   |   |
|        | (7)                                       | 2:6 diamino-anthraquinone,          |   |   |   |   |
|        | (8)                                       | Quinizarine,                        |   |   |   |   |
|        | (9)                                       | Schaeffer's acid,                   |   |   |   |   |
|        | (10)                                      | M-chloro aniline,                   |   |   |   |   |
|        | (11)                                      | O-chloro aniline,                   |   |   |   |   |
|        | (12)                                      | P-chloro aniline,                   |   |   |   |   |
|        | (13)                                      | 2:5 dichloro aniline,               |   |   |   |   |
|        | (14)                                      | 4-chloro-2-anisidine,               |   |   |   |   |
|        | (15)                                      | O-nitro anisole,                    |   |   |   |   |
|        | (16)                                      | P-nitro anisole,                    |   |   |   |   |
|        | (17)                                      | 4-chloro-2-nitro anisole,           |   |   |   |   |
|        | (18)                                      | 5-chloro-o-toluidine,               |   |   |   |   |
|        | (19)                                      | O-nitro aniline, †                  |   |   |   |   |
|        | (20)                                      | Para toluidine meta sulphonic acid, |   |   |   |   |
|        | (21)                                      | O-amino azo toluene,                |   |   |   |   |
|        | (22)                                      | 1:4 diamino anthraquinone,          |   |   |   |   |
|        | (23)                                      | 1-chloro anthraquinone,             |   |   |   |   |
|        | (24)                                      | R. salt,                            |   |   |   |   |
|        | (25)                                      | Benzoyl J-acid,                     |   |   |   |   |
|        | (26)                                      | P-nitrosophenol,                    |   |   |   |   |

1	2	3	4	5	6	7
28(40)— <i>contd.</i>	(27) Dinitrostilbene di- sulphonic acid,					
	(28) Peri acid,					
	(29) 2 : 5 dimethyl-4- chloro-phenyl thio- glycolic acid,					
	(30) Beta naph halene thio- glycolic acid,					
	(31) <i>Choloro-O-toluidine</i> <del>4-chloro-o-toluidine</del> ,					
	(32) Amino Iso G-acid,					
	(33) 1-Amino-6-nitro-2- naphthol-4-sulphonic acid,					
	(34) Para nitro toluene sulphonic acid,					
	(35) Anthraquinone-1-sul- phonic acid sodium salt—					
	(a) of British manu- facture ;	Protective	50 per cent <i>ad valorem.</i>	..	..	December. 31st, 1971.
	(b) not of British manufacture.	Protective	60 per cent <i>ad valorem.</i>	..	..	December 31st, 1971". ;

*Note.*—The articles speci-  
fied in Items Nos.  
28(35), 28(36), 28  
(37), 28(38), 28(39)  
and 28(40), and  
manufactured in a  
British Colony,  
shall be deemed  
to be of British  
manufacture.

(d) in Items Nos. 30(1) (b) (i), 30(15), 30(16), 75(9), 75(10),  
75(11), 75(12) and 75(14),—

(i) in the third column headed "Nature of duty", for  
the word "Protective", wherever it occurs, the word  
"Revenue" shall be substituted;

(ii) in the last column headed "Duration of protective  
rates of duty", the entry "December 31st, 1968", wherever it  
occurs, shall be omitted.

(e) in Item No. 30(1)(b)(ii),—

(i) in the third column headed "Nature of duty", for the word "Protective", the word "Revenue" shall be substituted;

(ii) in the fourth column headed "Standard rate of duty", for the figures "100", the figures "60" shall be substituted;

(iii) in the last column headed "Duration of protective rates of duty", the entry "December 31st, 1968" shall be omitted.

(f) in Item No. 66(a),—

(i) in the fourth column headed "Standard rate of duty", for the figures "40", the figures "27½" shall be substituted;

(ii) in the last column headed "Duration of protective rates of duty", for the figures "1968", the figures "1971" shall be substituted.

(g) in Item No. 66(1),—

(i) in the fourth column headed "Standard rate of duty", for the figures "40", the figures "20" shall be substituted;

(ii) in the last column headed "Duration of protective rates of duty", for the figures "1968", the figures "1971" shall be substituted.

**THE PUNJAB APPROPRIATION ACT, 1968**

No. 64 OF 1968

[31st December, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Punjab for the services of the financial year 1968-69.

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

Short title.

1. This Act may be called the Punjab Appropriation Act, 1968.

Issue of  
Rs. 23,86,  
85,100  
from and  
out of the  
Consoli-  
dated  
Fund  
of the  
State of  
Punjab  
for the  
financial  
year  
1968-69.

2. From and out of the Consolidated Fund of the State of Punjab, there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of twenty-three crores, eighty-six lakhs, eighty-five thousand and one hundred rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services specified in column 2 of the Schedule.

Appro-  
priation.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Punjab by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

THE SCHEDULE  
(See sections 2 and 3)

1	2	3		
		Sums not exceeding		
No. of Vote	Services and purposes	Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
1	Land Revenue	22,01,000	..	22,01,000
2	State Excise Duties	2,97,03,000	..	2,97,03,000
6	Stamps	1,80,000	..	1,80,000
9	General Administration	6,10,000	2,190	6,12,190
12	Police	15,93,910	..	15,93,910
13	Supplies and Disposals.	..	4,950	4,950
16	Education	16,00,000	19,18,850	35,18,850
22	Industries	..	300	300
23	Community Development Pro- jects, National Extension Service and Local Develop- ment Works	..	70	70
24	Labour and Employment	..	260	260
26	Multi-purpose River Schemes	4,03,000	..	4,03,000
27	Irrigation (Works)	22,93,000	..	22,93,000
29	Public Works	10	..	10
37	Forests	35,00,000	..	35,00,000
38	Miscellaneous	16,25,000	5,080	16,30,080
43	Capital Outlay on Industrial and Economic Development	58,00,000	..	58,00,000
45	Capital Outlay on Irrigation, Navigation, Embankment and Drainage Works	..	44,670	44,670
46	Capital Outlay on Public Works	..	12,19,800	12,19,800
48	Capital Outlay on Road and Water Transport Schemes	..	80,000	80,000

1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
31	Public Debt (Discharged)	..	18,59,00,000	18,59,00,000
	Loans and Advances by State Government	10	..	10
	GRAND TOTAL	4,95,08,930	18,91,76,170	23,86,85,100

THE PONDICHERRY APPROPRIATION ACT, 1968

No. 65 OF 1968

[31st December, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the Union territory of Pondicherry for the services of the financial year 1968-69.

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

1. This Act may be called the Pondicherry Appropriation Act, Short title, 1968.

2. From and out of the Consolidated Fund of the Union territory of Pondicherry there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of one lakh and thirty-two thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services specified in column 2 of the Schedule.

Issue of  
Rs.  
1,32,000  
from and  
out of  
the Con-  
solidated  
Fund of  
the Union  
territory  
of Pondi-  
cherry  
for the  
financial  
year  
1968-69.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the Union territory of Pondicherry by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

## THE SCHEDULE

(See sections 2 and 3)

I	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
7	Registration Fees . . .	49,000	..	49,000
9	General Administration. . .	83,000	..	83,000
	TOTAL . . .	1,32,000	..	1,32,000



THE APPROPRIATION (No. 5) ACT, 1968

No. 66 OF 1968

[31st December, 1968]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1968-69.

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

1. This Act may be called the Appropriation (No. 5) Act, 1968. Short title.
2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of seventy-four crores, seven lakhs and fifty-nine thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services specified in column 2 of the Schedule. Issue of Rs. 74,07,59,000 out of the Consolidated Fund of India for the year 1968-69.
3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
3	Other Revenue Expenditure of the Ministry of Commerce	1,36,00,000	..	1,36,00,000
13	External Affairs	95,80,000	3,000	95,83,000
26	Other Revenue Expenditure of the Ministry of Finance	..	6,000	6,000
34	Other Revenue Expenditure of the Ministry of Food, Agriculture, Community Development and Co-operation	20,00,00,000	..	20,00,00,000
74	Other Revenue Expenditure of the Ministry of Steel, Mines and Metals	5,15,000	..	5,15,000
86	Stationery and Printing	..	5,000	5,000
100	Lok Sabha	..	10,000	10,000
104	Defence Capital Outlay	..	10,00,000	10,00,000
113	Loans and Advances by the Central Government	50,00,01,000	..	50,00,01,000
117	Capital Outlay in Union territories and Tribal Areas	20,00,000	..	20,00,000
120	Capital Outlay of the Ministry of Information and Broadcasting	1,000	..	1,000
126	Capital Outlay on Aviation	1,000	64,67,000	64,68,000

OF 1968]

## Appropriation (No. 5)

581

I No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Conso- lidated Fund	Total
		Rs.	Rs.	Rs.
127	Other Capital Outlay of the Ministry of Tourism and Civil Aviation . . . . .	75,00,000	..	75,00,000
136	Other Capital Outlay of the Department of Communications . . . . .	..	70,000	70,000
	TOTAL . . . . .	73,31,98,000	75,61,000	74,07,59,000

**THE BIHAR APPROPRIATION (No. 2) ACT, 1968**

**No. 67 OF 1968**

[31st December, 1968]

**An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Bihar for the services of the financial year 1968-69.**

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

**Short title.**

**1.** This Act may be called the Bihar Appropriation (No. 2) Act, 1968.

**Issue of Rs. 8,46,78,900 from and out of the Consolidated Fund of the State of Bihar for the financial year 1968-69.**

**2.** From and out of the Consolidated Fund of the State of Bihar, there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of eight crores, forty-six lakhs, seventy-eight thousand and nine hundred rupees towards defraying the several charges which will come in course of payment during the financial year 1968-69, in respect of the services specified in column 2 of the Schedule.

**Appropriation.**

**3.** The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Bihar by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

## THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
2	Land Revenue . . . . .	97,000	..	97,000
4	Taxes on Vehicles . . . . .	40,300	..	40,300
5	Stamps . . . . .	4,85,000	..	4,85,000
9	State Legislatures . . . . .	1,09,84,000	..	1,09,84,000
10	General Administration . . . . .	16,03,000	31,000	16,34,000
11	Administration of Justice . . . . .	100	..	100
12	Jails . . . . .	100	..	100
13	Police . . . . .	18,97,000	..	18,97,000
15	Scientific Departments . . . . .	200	..	200
16	Education . . . . .	1,18,40,500	100	1,18,40,600
17	Medical . . . . .	1,100	..	1,100
18	Public Health . . . . .	18,76,100	..	18,76,100
19	Agriculture . . . . .	31,82,800	1,62,600	33,45,400
20	Animal Husbandry . . . . .	1,000	..	1,000
21	Co-operation . . . . .	1,11,700	..	1,11,700
22	Industries . . . . .	700	..	700
23	Community Development Projects, National Extension Service and Local Development Works . . . . .	27,13,300	..	27,13,300
24	Labour and Employment . . . . .	6,48,200	..	6,48,200
25	Miscellaneous Social and Develop- mental Organisations (Welfare of Scheduled Castes, Scheduled Tri- bes and Backward Classes) . . . . .	2,97,800	..	2,97,800
26	Miscellaneous Social and Develop- mental Organisations (Statistics) . . . . .	48,700	..	48,700
27	Miscellaneous Social and Develop- mental Organisations (Miscella- neous Schemes) . . . . .	2,21,500	..	2,21,500

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consoli- dated Fund	Total
		Rs.	Rs.	Rs.
28	Irrigation including Multi-purpose River Schemes . . . . .	30,55,200	..	30,55,200
30	Public Works . . . . .	28,68,200	..	28,68,200
31	Public Works—Establishment . . . . .	42,99,700	..	42,99,700
32	Famine Relief . . . . .	1,50,00,000	..	1,50,00,000
34	Stationery and Printing . . . . .	1,69,300	..	1,69,300
35	Forest . . . . .	98,300	..	98,300
36	Miscellaneous (Gram Panchayat) . . . . .	5,00,000	..	5,00,000
37	Miscellaneous . . . . .	2,06,300	1,03,000	3,09,300
38	Miscellaneous (Public Relations Department) . . . . .	1,64,300	..	1,64,300
40	Expenditure connected with the Na- tional Emergency, 1962 . . . . .	7,02,700	..	7,02,700
42	Capital Outlay on Industrial and Economic Development . . . . .	1,94,25,900	7,94,700	2,02,20,600
43	Capital Outlay on Other Works . . . . .	500	..	500
46	Loans and Advances by State Gov- ernment . . . . .	6,70,200	3,76,800	10,47,000
	TOTAL . . . . .	8,32,10,700	14,68,200	8,46,78,900

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