

## Industries (Development and Regulation) Act, 1951

### Chapter III - Regulation of Scheduled Industries

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1[(1) The owner of every existing industrial undertaking, not being the Central Government, shall, within such period as the Central Government may, by notification in the Official Gazette, fix in this behalf with respect to industrial undertakings generally or with respect to any class of them, register the undertaking in the prescribed manner.]

(2) The Central Government shall also cause to be registered in the same manner every existing industrial undertaking of which it is the owner.

2[(3) Where an industrial undertaking is registered under this section, there shall be issued to the owner of the undertaking or the Central Government, as the case may be, a certificate of registration<sup>3</sup> [containing the productive capacity of the industrial undertaking and such other particulars as may be prescribed].]

4[(4) The owner of every industrial undertaking to whom a certificate of registration has been issued under this section before the commencement of the Industries (Development and Regulation) Amendment Act, 1973 (67 of 1973), shall, if the undertaking falls within such class of undertakings as the Central Government may, by notification in the Official Gazette, specify in this behalf, produce, within such period as may be specified in such notification, the certificate of registration for entering therein the productive capacity of the industrial undertaking and other prescribed particulars.

(5) In specifying the productive capacity in any certificate of registration issued under sub-section (3), the Central Government shall take into consideration the productive or installed capacity of the industrial undertaking as specified in the application for registration made under sub-section (1), the level of production immediately before the date on which the application for registration was made under sub-section (1), the level of the highest annual production during the three years immediately preceding the introduction in Parliament of the Industries (Development and Regulation) Amendment Bill, 1973, the extent to which production during the said period was utilised for export and such other factors as the Central Government may consider relevant including the extent of under-utilisation of capacity, if any, during the relevant period due to any cause.]

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1. Substituted by Act 26 of 1953, Section 5, for the original sub-section (1) (w.e.f. 1st October, 1953).

2. Inserted by Act 26 of 1953, Section 5, for the original sub-section (1) , (w.e.f. 1st October, 1953).

3. Substituted by Act 67 of 1973, Section 2, for certain words (w.e.f. 7th February, 1974).

4. Inserted by Section 2, Act 67 of 1973, Section 2, for certain words , (w.e.f. 7th February, 1974).

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### Section 10A - Revocation of registration in certain cases

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#### 1[10A. Revocation of registration in certain cases

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

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1. Inserted by Act 26 of 1953, Section 6 (w.e.f. 1st October, 1953).

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### **Section 11 - Licensing of new industrial undertakings**

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(1) No person or authority other than the Central Government, shall, after the commencement of this Act, establish any new industrial undertaking, except under and in accordance with a licence issued in that behalf by the Central Government:

Provided that a Government other than the Central Government may, with the previous permission of the Central Government, establish a new industrial undertaking.

(2) A licence or permission under sub-section (1) may contain such conditions, including, in particular, conditions as to the location of the undertaking and the minimum standards in respect of size to be provided therein as the Central Government may deem fit to impose in accordance with the rules, if any, made under Section 30.

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### **Section 11A - Licence for producing or manufacturing new articles**

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1[11A. Licence for producing or manufacturing new articles

The owner of an industrial undertaking not being the Central Government which is registered under Section 10 or in respect of which a licence or permission has been issued under Section 11 shall not produce or manufacture any new article unless--

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

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

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1. Inserted by Act 26 of 1953, Sec 7 (w.e.f. 1st October, 1953).

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### **Section 11B - Power of Central Government to specify the requirements which shall be complied with by small scale industrial undertakings**

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1[11B. Power of Central Government to specify the requirements which shall be complied with by small scale industrial undertakings

(1) The Central Government may, with a view to ascertaining which ancillary and small scale industrial undertakings need supportive measures, exemptions or other favourable treatment under this Act to enable them to maintain their viability and strength so as to be effective in--

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

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

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

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

- (i) the manufacture of parts, components, sub-assemblies, toolings or intermediates; or
- (ii) rendering of services, or supplying or rendering, not more than fifty per. cent, of its production or its total services, as the case may be, to other units for production of other articles.

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

- (a) the investment by the industrial undertaking in--
  - (i) plant and machinery, or
  - (ii) land, buildings, plant and machinery ;
- (b) the nature of ownership of the industrial undertakings;
- (c) the smallness of the number of the workers employed in the industrial undertaking ;
- (d) the nature, cost and quality of the product of the industrial undertaking;
- (e) foreign exchange, if any, required for the import of any plant or machinery by the industrial undertaking ; and
- (f) such other relevant factors as may be prescribed.

(3) A copy of every notified order proposed to be made under subsection (1) shall be laid in draft before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in disapproving the issue of the proposed notified order or both Houses agree in making any modification in the proposed notified order, the notified order shall not be made, or, as the case may be, shall be made only in such modified form as may be agreed upon by both the Houses.

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

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1. Inserted by Act 4 of 1984, Section 3 (w.e.f. 12th January, 1984).

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## **Section 12 - Revocation and amendment of licences in certain cases**

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(1) If the Central Government is satisfied, either on a reference made to it in this behalf or otherwise, that any person or authority, to whom or to which, a licence has been issued under Sec 11, has, without reasonable cause, failed to establish or to take effective steps to establish the new industrial undertaking in respect of which the licence has been issued within the time specified therefor or within such extended time as the Central Government may think fit to grant in any case, it may revoke the licence.

(2) Subject to any rules that may be made in this behalf, the Central Government may also vary or amend any licence issued under Section 11 :

Provided that no such power shall be exercised after effective steps have been taken to establish the new industrial undertaking in accordance with the licence issued in this behalf.

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

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1. Inserted by Act 26 of 1953, Section 8 (w.e.f. 1st October, 1953).

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### **Section 13 - Further provision for licensing of industrial undertakings in special cases**

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1[13. Further provision for licensing of industrial undertakings in special cases

(1) No owner of an industrial undertaking, other than the Central Government, shall--

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

(h) in the case of an industrial undertaking the registration in respect of which has been revoked under Sec 10-A2[\* \* \*,] carry on the business of the undertaking after the revocation, or

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

(d) effect any substantial expansion of an industrial undertaking which has been registered3[or in respect of which a licence or permission has been issued], or

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

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

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

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

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1. Substituted by Act 26 of 1953, Section 9, for the original Section 13 (w.e.f. 1st October, 1953).

2. Certain words omitted by Act 71 of 1956, Section 2 (w.e.f. 1st March, 1957).

3. Inserted by Act 71 of 1956, Section 2 (w.e.f. 1st March, 1957).

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### **Section 14 - Procedure for the grant of licence or permission**

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Before granting any licence or permission under1[Section 11, Section 11-A,2[Section 13, or Section 29-B]], the Central Government may require such officer or authority as it may appoint for the purpose, to make a full and complete investigation in respect of applications received in this behalf and report to it the result of such investigation and in making any such investigation, the officer or

authority shall follow such procedure as may be prescribed.

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1. Substituted by Act 26 of 1953, Section 10, for the words and figures "Section 11 or Section 13" (w.e.f. 1st October, 1953).

2. Substituted by Act 71 of 1956, Section 3, for the words and figures "or Section 13" (w.e.f. 1st March, 1957).

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## **Section 15 - Power to cause investigation to be made into scheduled industries or industrial undertakings**

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Where the Central Government is of the opinion that--

(a) in respect of any scheduled industry or industrial undertaking or undertakings--

(i) there has been, or is likely to be, a substantial fall in the volume of production in respect of any article or class of articles relatable to that industry or manufactured or produced in the industrial undertaking or undertakings, as the case may be ; for which, having regard to the economic conditions prevailing, there is no justification ; or

(ii) there has been, or is likely to be, a marked deterioration in the quality of any article or class of articles relatable to that industry or manufactured or produced in the industrial undertaking or undertakings, as the case may be, which could have been or can be avoided ; or

(iii) there has been or is likely to be a rise in the price of any article or class of articles relatable to that industry or manufactured or produced in the industrial undertaking or undertakings, as the case may be, for which there is no justification; or

(iv) it is necessary to take any such action as is provided in this Chapter for the purpose of conserving any resources of national importance which are utilised in the industry or the industrial undertaking or undertakings, as the case may be; or

1[(b) any industrial undertaking is being managed in a manner which is highly detrimental to the scheduled industry concerned or to public interest,]

the Central Government may make or cause to be made a full and complete investigation into the circumstances of the case by such person or body of persons as it may appoint for the purpose.

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1. Substituted by Act 26 of 1953, Section 11, for the original Cl. (b) (w.e.f. 1st October, 1953).

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## **Section 15A - Power to investigate into the affairs of a company in liquidation**

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### **1 [15-A. Power to investigate into the affairs of a company in liquidation**

(1) Where a company, owning an industrial undertaking, is being wound up by or under the supervision of the High Court, and the business of such company is not being continued, the Central Government may, if it is of opinion that it is necessary, in the interests of the general public and, in particular, in the interests of production, supply or distribution of articles or class of articles relatable to the concerned scheduled industry, to investigate into the possibility of running or re-starting the industrial undertaking, make an application to the High Court praying for permission to make, or cause to be made, an investigation into such possibility by such person or body of persons as that Government may appoint for the purpose.

(2) Where an application is made by the Central Government under sub-section (1), the High Court shall, notwithstanding anything contained in the Companies Act, 1956 (1 of 1956), or in any other law for the time being in force, grant the permission prayed for.]

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1. Inserted by Act 72 of 1971, Section 3 (w.e.f. 1st November, 1971).

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### **Section 16 - Powers of Central Government on completion of investigation under Section 15**

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(1) If after making or causing to be made any such investigation as is referred to in Section 15 the Central Government is satisfied that action under this section is desirable, it may issue such directions to the industrial undertaking or undertakings concerned as may be appropriate in the circumstances for all or any of the following purposes, namely:

(a) regulating the production of any article or class of articles by the industrial undertaking or undertakings and fixing the standards of production ;

(b) requiring the industrial undertaking or undertakings to take such steps as the Central Government may consider necessary to stimulate the development of the industry to which the undertaking or undertakings relates or relate ;

(c) prohibiting the industrial undertaking or undertakings from resorting to any act or practice which might reduce its or their production, capacity or economic value ;

(d) controlling the prices, or regulating the distribution, of any article or class of articles which have been the subject-matter of investigation.

(2) Where a case relating to any industry or industrial undertaking or undertakings is under investigation, the Central Government may issue at any time any direction of the nature referred to in sub-section (1) to the industrial undertaking or undertakings concerned , and any such direction shall have effect until it is varied or revoked by the Central Government.

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### **Section 17 - Special provisions for direct control by Central Government in certain cases [Repealed]**

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Rep. by the Industries (Development and Regulation) Amendment Act, 1953 (26 of 1953), Section 12 (w.e.f. 1st October, 1953).

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### **Section 18 - Power of person or body of persons appointed under Section 15 to call for assistance in any investigation**

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(1) The person or body of persons appointed to make any investigation under Section 15<sup>1</sup>[or Section 15-A] may choose one or more persons possessing special knowledge of any matter relating to the investigation to assist him or it in holding the investigation.

(2) The person or body of persons so appointed shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908 (5 of 1908), for the purpose of taking evidence on oath (which he or it is hereby empowered to administer) and of enforcing the attendance of witnesses and compelling the production of documents and material objects, and the person or body of persons shall be deemed to be a Civil Court for all the purposes of Section 195 and Chapter XXXV of the Code of Criminal Procedure, 1898 (5 of 1898).<sup>2</sup>

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1. Inserted by Act 72 of 1971, Section 4 (w.e.f. 1st November, 1971).

2. Now the Code of Criminal Procedure 1973 (2 of 1974).

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