

Industries (Development and Regulation) Act, 1951

Section 18AA - Power to Take over Industrial Undertakings Without Investigation Under Certain Circumstances

1 [18AA. Power to take over industrial undertakings without investigation under certain circumstances

(1) Without prejudice to any other provision of this Act, if, from the documentary or other evidence in its possession, the Central Government is satisfied, in relation to an industrial undertaking, that--

(a) the persons in charge of such industrial undertaking have, by reckless investments or creation of incumbrances on the assets of the industrial undertaking, or by diversion of funds, brought about a situation which is likely to affect the production of articles manufactured or produced in the industrial undertaking, and that immediate action is necessary to prevent such a situation ; or

(b) it has been closed for a period of not less than three months (whether by reason of the voluntary winding-up of the company owning the industrial undertaking or for any other reason) and such closure is prejudicial to the concerned scheduled industry and that the financial condition of the company owning the industrial undertaking and the condition of the plant and machinery of such undertaking are such that it is possible to re-start the undertaking and such re-starting is necessary in the interests of the general public,

it may, by a notified order, authorise any person or body of persons (hereafter referred to as the "authorised person") to take over the management of the whole or any part of the industrial undertaking or to exercise in respect of the whole or any part of the undertaking such functions of control as may be specified in the order.

(2) The provisions of sub-section (2) of Section 18-A shall, as far as may be, apply to a notified order made under sub-section (1) as they apply to a notified order made under sub-section (1) of Section 18-A.

(3) Nothing contained in sub-section (1) and sub-section (2) shall apply to an industrial undertaking owned by a company which is being wound up by or under the supervision of the Court.

(4) Where any notified order has been made under sub-section (1), the person or body of persons having for the time being, charge of the management or control of the industrial undertaking, whether by or under the orders of any Court or any contract, instrument or otherwise, shall, notwithstanding anything contained in such order, contract, instrument or other arrangements forthwith make over the charge of management or control, as the case may be, of the industrial undertaking to the authorised person.

(5) The provisions of Sees. 18-B to 18-E (both inclusive) shall as far as may be, apply to or in relation to, the industrial undertaking, in respect of which a notified order has been made under sub-section (1), as they apply to an industrial undertaking in relation to which a notified order has been issued under Section 18-A.]

1. Inserted by Act 72 of 1971, Section 5 (w.e.f. 1st November. 1971).
