

**Bill No. 63 of 2012**

THE SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA  
(AMENDMENT) BILL, 2012

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BILL

*further to amend the Small Industries Development Bank of India Act, 1989.*

BE it enacted by Parliament in the Sixty-third Year of the Republic of India as follows:—

**1.** (1) This Act may be called the Small Industries Development Bank of India (Amendment) Act, 2012.

Short title  
and Com-  
mencement.

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

39 of 1989.

**2.** In the Small Industries Development Bank of India Act, 1989 (hereinafter referred to as the principal Act), in the long title, for the words “industry in the small-scale sector”, at both the places where they occur, the words “industrial concerns and micro enterprises, small enterprises and medium enterprises” shall be substituted.

Amendment of  
long title.

Substitution  
of references  
to certain  
expressions  
by certain  
other  
expressions.

**3.** Throughout the principal Act [except in clause (h) of section (2) and sub-section (4) of section 38],—

(a) for the words “industrial concern in the small-scale sector”, wherever they occur, the words “industrial concern or micro enterprise or small enterprise or medium enterprise” shall be substituted;

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(b) for the words “industrial concerns in the small-scale sector”, wherever they occur, the words “industrial concerns or micro enterprises or small enterprises or medium enterprises” shall be substituted;

(c) for the words “industries in the small-scale sector”, wherever they occur, the words “industrial concerns or micro enterprises or small enterprises or medium enterprises” shall be substituted;

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(d) for the words “industry in the small-scale sector”, wherever they occur, the words “industrial concerns or micro enterprises or small enterprises or medium enterprises” shall be substituted.

Amendment  
of section 2.

**4.** In section 2 of the principal Act,—

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(a) for clause (d), the following clause shall be substituted, namely:—

‘(d) “Development Bank” means the IDBI Bank Limited registered under section 3 of the Companies Act, 1956 [erstwhile known as the Industrial Development Bank of India Limited as referred to in clause (b) of section 2 of the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003];’;

1 of 1956.

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53 of 2003.

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

‘(ea) “enterprise” means an enterprise as defined in clause (e) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 ;’;

27 of 2006.

(c) in clause (h),—

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(i) in the opening portion, for the words ‘ “industrial concern in the small-scale sector” means any concern’, the words ‘ “industrial concern” means any concern with an investment limit, as may be specified, by unanimous resolution, by the Board, and which is ’ shall be substituted;

(ii) after sub-clause (xvi), the following sub-clauses shall be inserted, namely:—

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“(xvii) floriculture including cultivation, treatment and packaging of flowers or any other process connected with flowers which results in a value added activity;

(xviii) setting up or development of tourism related facilities, including amusement parks, cultural centres, convention centres, restaurants, travel and transport (including those at airports), tourist service agencies, guidance and counselling services to tourists;

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(xix) rendering financial assistance by way of venture capital, risk capital, factoring and discounting;

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(xx) development, maintenance and construction of roads;

(xxi) construction;

(xxii) entertainment (including film) industry;”;

65 of 1951. (iii) in sub-clause (xviii), the words, figures, letter and brackets “and which is regarded as a small-scale undertaking under section 11B of the Industries (Development and regulation) Act, 1951” shall be omitted;

(d) after clause (ha), the following clauses shall be inserted, namely:—

5 (hb) “medium enterprise” means an enterprise as defined in clause (g) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006;

27 of 2006. (hc) “micro enterprise” means an enterprise as defined in clause (h) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006;

27 of 2006. 10 (hd) “micro finance institution” includes any institution engaged in providing micro finance services;’;

(e) after clause (lc), the following clause shall be inserted, namely:—

15 (ld) “small enterprise” means an enterprise as defined in clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006;’.

27 of 2006.

**5.** In section 13 of the principal Act, in sub-section (I),—

Amendment  
of section 13.

(a) in clause (i),—

20 (i) for the words “or such other financial institutions”, the words “or such micro finance institutions or other financial institutions” shall be substituted;

(ii) for the words “loans or advances”, at both the places where they occur, the words “loans, advances or micro finance services” shall be substituted;

(b) in clause (iv), after the words “National Small Industries Corporation”, the words “micro finance institutions” shall be inserted;

25 (c) in clause (v),—

(i) after the words “any such concern”, the words “or enterprise” shall be inserted;

(ii) in the proviso, after the words “of that concern”, the words “or enterprise” shall be inserted;

30 (d) in clause (vii), after the words “such financial institutions”, the words “including micro finance institutions,” shall be inserted;

(e) after clause (xxix), the following clauses shall be inserted, namely:—

1 of 1956. 35 “(xxixa) granting loans and advances to Public Financial Institutions specified under section 4A of the Companies Act, 1956 and such other financial institutions or agencies engaged or to be engaged in providing financial assistance for the purpose of—

(a) extending financial assistance for setting up of infrastructure projects beneficiaries of which shall include industrial concerns or micro enterprises or small enterprises or medium enterprises;

40 (b) extending financial assistance by such institutions or agencies to their borrowers for sourcing of materials, components, equipment or other articles or services from industrial concerns or micro enterprises or small enterprises or medium enterprises or making payments to industrial concerns or micro enterprises or small enterprises or medium enterprises on behalf of their borrowers or both; and

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(c) providing financial assistance by such institutions or agencies to their borrowers engaged in providing marketing and other support services to the industrial concerns or micro enterprises or small enterprises or medium enterprises;

(xxixb) to enter into securitisation transaction for the the purpose of— 5

(a) extending the services of the Small Industries Bank to a large number of industrial concerns or micro enterprises or small enterprises or medium enterprises through intermediaries by way of buyout of their assets or otherwise; and

(b) acquiring the rights and interests of the intermediaries including any other right incidental thereto, in relation to any loan or advance granted to, or any receivables from, the industrial concerns or micro enterprises or small enterprises or medium enterprises; 10

(xxixc) granting loans and advances to any person for the purpose of providing financial support to micro finance institutions engaged or to be engaged in the promotion, development or financing of industrial concerns or micro enterprises or small enterprises or medium enterprises; 15

(xxixd) subscribing to, or purchasing stocks, shares, bonds or debentures or units of, any micro finance institution or such other entities including Equity Funds and marketing intermediaries catering to micro finance services; 20

(xxixe) providing any guarantee, not specified in clauses (xvi) to (xix), to industrial concerns or micro enterprises or small enterprises or medium enterprises eligible for assistance from Small Industries Bank;

(xxixf) providing non-life insurance products to industrial concerns or micro enterprises, small enterprises or medium enterprises assisted by the Small Industries Bank and selling non-life insurance products to other industrial concerns or micro enterprises, small enterprises or medium enterprises, under a corporate arrangement with any domestic or international insurance company, as approved by the Board and the Reserve Bank;”. 25

Amendment  
of section 19.

**6.** In section 19 of the principal Act, — 30

(a) in sub-section (1), for the words and figures “Foreign Exchange Regulation Act, 1973”, the words and figures “Foreign Exchange Management Act, 1999” shall be substituted; 46 of 1973.  
42 of 1999.

(b) in sub-section (3), for the words “prevailing at the time of grant thereof, and the amount due thereunder shall be repayable in equivalent Indian currency”, the words, figures and letters “prevailing at the time of such grant and thereafter, based on the exchange rate prevailing as on the 31<sup>st</sup> March, every year or as may be required under any law for the time being in force or accounting standards, as referred to in sub-section (3c) of section 211 of the Companies Act, 1956, as the case may be, and the amount due thereunder shall be repayable in foreign currency or in equivalent Indian currency” shall be substituted; 35  
1 of 1956.  
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(c) in sub-section (4), in clause (a), for the words “repayment thereof by the concern”, the words “repayment thereof by the concern or micro enterprise or small enterprise or medium enterprise” shall be substituted.

Amendment  
of section  
37A.

**7.** In section 37A of the principal Act, for sub-section (2), the following shall be substituted, namely:— 45

“(2) Notwithstanding anything contained in any other law for the time being in force, where an accommodation has been granted to a borrowing institution, all securities held, or which may be held, by such borrowing institution, on account of

any transaction in respect of which such accommodation has been granted by the Small Industries Bank, shall be held by such institution in trust for the Small Industries Bank and shall be treated as charged in favour of the Small Industries Bank.”.

**8.** In section 38 of the principal Act,—

Amendment  
of section 38.

5 (a) in sub-section (1), after the words “assigned to the Small Industries Bank” occurring at the end, the words “by the industrial concern or micro enterprise or small enterprise or medium enterprise or take over the possession of the property mortgaged or hypothecated by the third party as well as the right to transfer by way of lease or sale and realise the property so mortgaged, hypothecated or assigned to the Small Industries Bank by such third party” shall be inserted;

(b) in sub-section (4),—

(i) the words “against an industrial concern in the small-scale sector” shall be omitted;

15 (ii) for the words “from the industrial concern in the small-scale sector”, the words “from the industrial concern or micro enterprise, or small enterprise or medium enterprise” shall be substituted.

(c) after sub-section (5), the following shall be inserted, namely :—

20 ‘Explanation:—For the purposes of this section, “third party” means any person who has given any guarantee or created any mortgage or pledge or hypothecation or made any assignment as a security for the financial assistance granted by the Small Industries Bank.’.

**9.** In section 39 of the principal Act,—

Amendment  
of section 39.

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

25 “(1A) The District Magistrate or the Chief Metropolitan Magistrate may authorise any officer subordinate to him—

(i) to take possession of such property, effects, actionable claims, or books of account or other documents relating thereto; and

(ii) to forward to the Small Industries Bank or such other person, as the case may be.”;

30 (b) in sub-section (3), after the words “District Magistrate”, the words “or any officer authorised by the Chief Metropolitan Magistrate or District Magistrate” shall be inserted.

35 **10.** In section 41 of the principal Act, for the words “such industrial concern”, wherever they occur, the words “such industrial concern or micro enterprise or small enterprise or medium enterprise” shall be substituted.

Amendment  
of section 41.

**11.** In section 47 of the principal Act, in sub-section (1),—

Amendment  
of section 47.

(a) for the words “such industrial concern”, the words “such industrial concern or micro enterprise or small enterprise or medium enterprise” shall be substituted;

40 (b) for the words “that industrial concern”, the words “that industrial concern or micro enterprise or small enterprise or medium enterprise” shall be substituted.

## STATEMENT OF OBJECTS AND REASONS

The Small Industries Development Bank of India Act, 1989 (hereinafter referred to as the Act) provides for the establishment of the Small Industries Development Bank of India (SIDBI) for the purpose of promoting, financing and development of 'industrial concerns in the small-scale sector' and for coordinating the functions of the institutions engaged in promoting, financing or developing such industrial concerns. SIDBI has also been granted special authorisation to provide direct finance to Medium Enterprises and certain other activities.

2. Since its inception, the SIDBI is operating as a principal financial institution for the development of industrial concerns in the small-scale sector. The industrial concern in the small sector has been defined in clause (h) of section 2 of the SIDBI Act, 1989 which, *inter alia*, provides that such other activity as the Central Government may, having regard to the objects of this Act, by notification, specify in this behalf; or the research and development of any concept, technology, design, process or product whether in relation to any of the matters aforesaid, including any activities notified by the Central Government under sub-clause (xvii) of said clause (h), or any other matter and which is regarded as a small-scale undertaking under section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951) shall be industrial concern in the small-scale sector.

3. The notification of the Government of India, in the Ministry of Commerce and Industry (Department of Industrial Policy and Promotion) Order No. S.O. 857(E), dated the 10th December, 1997 issued, in exercise of the powers conferred by sub-section (1) of section 11B and sub-section (1) of section 29B of the Industrial (Development and Regulation) Act, 1951, as amended from time to time, specified the factors on the basis of which an industrial undertaking shall be regarded as a small scale or as an ancillary industrial undertaking for the purposes of the said Act, has been rescinded by notification of the Government of India, in the Ministry of Commerce and Industry (Department of Industrial Policy and Promotion) Order No. S.O. 563(E), dated the 27th February, 2009.

4. The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) was enacted which provides for classification of an "enterprise" into micro enterprise, small enterprise and medium enterprise.

5. In view of the foregoing paragraphs 3 and 4 above, it has become necessary and desirable to accordingly amend the definition of "industrial concern in the small sector" and substitute the definition and expressions "industrial concern in the small sector", wherever they occur, with the expression "industrial concern or micro enterprise or small enterprise or medium enterprise" in the SIDBI Act.

6. In addition to the amendments specified in the preceding paragraph, the Bill, *inter alia*, seeks to—

(a) confer power upon the Board of Director of SIDBI to specify by unanimous resolution the investment limit for the purposes of industrial concern;

(b) enlarge the definition of industrial concern with incorporation of the following activities notified by the Central Government from time to time in clause (h) of section 2 of the SIDBI Act (i) floriculture including cultivation, treatment and packaging of flowers or any other process connected with flowers which results in a value added activity; (ii) setting up or development of tourism related facilities, including amusement parks, cultural centres, convention centres, restaurants, travel and transport (including those at airports), tourist service agencies, guidance and counselling services to tourists; (iii) rendering financial assistance by way of venture capital, risk capital,

factoring and discounting; (iv) development, maintenance and construction of roads; (v) construction; (vi) entertainment (including film) industry;

(c) amend section 19 of the SIDBI Act to enable SIDBI to accept repayment of foreign currency loans in foreign currency and maintaining foreign currency loan accounts as required under any law or Accounting Standards;

(d) amend section 37A of the SIDBI Act to provide that the securities held by a borrowing institution held in trust on account of any transaction in respect of which such accommodation has been granted by the Small Industries Bank, shall be held by such institution in trust for the Small Industries Bank and shall be treated as charged in favour of the Small Industries Bank;

(e) amend section 38 of the SIDBI Act to enable the SIDBI to take over the possession of the property mortgaged or hypothecated by the third party as well as the right to transfer by way of lease or sale and realise the property so mortgaged, hypothecated or assigned to the Small Industries Bank by such third party (in addition to taking over the management or possession of the micro enterprise or small enterprise or medium enterprise) in case micro enterprise or small enterprise or medium enterprise makes a default in repayment of any loan or advances or meeting any obligation in relation to any guarantee given by them;

(f) amend section 39 of the SIDBI Act to enable the District Magistrate or the Chief Metropolitan Magistrate to authorise any officer subordinate to him, to take possession of property for speedier disposal of cases.

7. The Bill seeks to achieve the above objectives.

NEW DELHI;  
*The 16th May, 2012.*

PRANAB MUKHERJEE

ANNEXURE

EXTRACTS FROM THE SMALL INDUSTRIES DEVELOPEMENT BANK OF INDIA ACT, 1989

(39 OF 1989)

\* \* \* \* \*

An Act to establish the Small Industries Development Bank of India as the principal financial institution for the promotion, financing and development of industry in the small-scale sector and to co-ordinate the functions of the institutions engaged in the promotion, financing or developing industry in the small-scale sector and for matters connected therewith or incidental thereto.

\* \* \* \* \*

Definitions.

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

\* \* \* \* \*

(d) "Development Bank" means the Industrial Development Bank of India established under section 3 of the Industrial Development Bank of India Act, 1964; 18 of 1964.

\* \* \* \* \*

(h) "industrial concern in the small-scale sector" means any concern engaged or to be engaged in,—

\* \* \* \* \*

(xviii) the research and development of any concept, technology, design, process or product whether in relation to any of the matters aforesaid, including any activities specified under sub-clause (xvii), or any other matter and which is regard as a small-scale undertaking under section 11B of the Industries (Development and Regulation) Act, 1951; 65 of 1951.

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CHAPTER IV

BUSINESS OF THE SMALL INDUSTRIES BANK

Business of Small Industries Bank.

13. (1) The Small Industries Bank shall function as the principal financial institution for the promotion, financing and development of industrial concerns in the small-scale sector and shall also co-ordinate the functions of institutions engaged in promoting, financing and developing the industrial concerns in the small-scale sector and may carry on and transact any of the following business, namely:—

(i) granting loans and advances to any State Financial Corporation, State Industrial Development Corporation, State Small Industries Corporation, Scheduled bank, State Cooperative Bank or such other financial institutions, approved by the Board in this behalf, by way of refinance on such terms and conditions as it may deem fit to impose, of any loans or advances granted to industrial concerns in the small-scale sector by such corporation, bank, or institution or, of any loans or advances granted by the State Financial Corporation or State Industrial Development Corporation to any other industrial concern, which are repayable within a period not exceeding twenty-five years;

\* \* \* \* \*



(iv) granting lines of credit or loans and advances to any State Financial Corporation, State Industrial Development Corporation, State Small Industries Corporation, National Small Industries Corporation or such other financial institutions as may be approved by the Board in this behalf;

(v) granting loans and advances to any industrial concern in the small-scale sector or subscribing to, or purchasing, or under-writing the issue of stocks, shares, bonds or debentures of, any such concern:

Provided that nothing contained in this clause shall be deemed to preclude the Small Industries Bank from granting loans or advances to, or subscribing to the debentures of, an industrial concern in the small-scale sector, the amounts outstanding thereon may be convertible at the option of the Small Industries Bank into stocks or shares of that concern within the period of loan, advance or debenture is repayable.

\* \* \* \* \*

(vii) granting loans and advances to ascheduled bank or any other bank or such financial institutions approved by the Board in this behalf, by way of refinance of loans and advances granted by it for purposes of export;

\* \* \* \* \*

46 of 1973.

**19.** (1) Notwithstanding anything contained in the Foreign Exchange Regulation Act, 1973, or in any other enactment for the time being in force relating to foreign exchange, the Small Industries Bank may, for the purposes of granting loans and advances under this Act, borrow, with the previous consent of the Central Government foreign currency from any bank of financial institution in any foreign country or otherwise.

Loans in foreign currency.

\* \* \* \* \*

(3) All loans and advances granted by the Small Industries Bank out of foreign currency borrowed under sub-section (1) shall be expressed in terms of foreign currency as equivalent of Indian currency calculated in accordance with the rate of exchange prevailing at the time of grant thereof, and the amount due thereunder shall be repayable in equivalent Indian currency, calculated in accordance with the rate of exchange prevailing at the time of repayment of such loan or advance.

(4) Unless otherwise provided by the Central Government, any loss or profit in connection with any borrowing of foreign currency under sub-section (1) for the purpose of granting loans and advances under this Act, or with its repayment to the concerned foreign lending agency, on account of any fluctuations in the exchange accruing—

(a) during the period within which the loan or advance is repayable by the industrial concern in the small-scale sector or the period of actual repayment thereof by the concern, whichever is longer, shall be reimbursed by, or paid to, as the case may be, the recipient of such loans and advances;

\* \* \* \* \*

**37A.** (1) \* \* \* \* \*

Amounts and securities to be held in trust.

(2) Where an accommodation has been granted to a borrowing institution, all securities held, or which may be held, by such borrowing institution, on account of any transaction in respect of which such accommodation has been granted by the Small Industries Bank, shall be held by such institution in trust for the Small Industries Bank.

**38.** (1) Where any industrial concern in the small-scale sector, which is under a liability to the Small Industries Bank under an agreement, makes any default in repayment of any loan or advance or any instalment thereof or in meeting its obligations in relation to any guarantee given by the Small Industries Bank or otherwise fails to comply with the terms of its agreement, with the Small Industries Bank, the Small Industries Bank shall have the

Rights of Small Industries Bank in case of default

right to take over the management, or possession, or both of such industrial concern in the small-scale sector, as well as the right to transfer by way of lease or sale and realise the property pledged, mortgaged, hypothecated or assigned to the Small Industries Bank.

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(4) Where any action has been taken against an industrial concern in the small scale sector under the provisions of sub-section (1), all costs, charges and expenses which in the opinion of the Small Industries Bank have been properly incurred by it as incidental thereto shall be recoverable from the industrial concern in the small-scale sector and the money which is received by it shall, in the absence of any contract to the contrary, be held by it in trust to be applied firstly, in payment of such costs, charges and expenses and, secondly, in discharge of the debt due to the Small Industries Bank, and the residue of the money so received shall be paid to the person entitled thereto in accordance with his rights and interests.

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Power to seek assistance of Chief Metropolitan Magistrate or District Magistrate.

**39. (1)** \* \* \* \* \*

(3) No act of the Chief Metropolitan Magistrate or the District Magistrate done in pursuance of this section shall be called in question in any court or before any authority.

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Special provisions for enforcement of claims by Small Industries Bank.

**41. (1)** Where an industrial concern in the small-scale sector, in breach of any agreement, makes any default in repayment or any loan or advance or any instalment thereof or in meeting its obligations in relation to any guarantee given by the Small Industries Bank or otherwise fails to comply with the terms of its agreement with that Bank, or where the Small Industries Bank requires any industrial concern in the small-scale sector to make repayment of any loan or advance under section 40 and such industrial concern fails to make such repayment, then, without prejudice to the provisions of section 38 of this Act and section 69 of the Transfer of property Act, 1882 any officer of that Bank, generally or specially authorised by that Bank in this behalf, may apply to the court for one or more of the following reliefs, namely:—

4 of 1982.

(a) for an order for the sale of the property assigned, charged, hypothecated, mortgaged or pledged to that Bank as security for the loan or advance; or

(b) for enforcing the liability of any surety; or

(c) for an *ad interim* injunction restraining the industrial concern in the small-scale sector from transferring or removing its machinery, plant or equipment from the premises of such industrial concern without the permission of the Small Industries Bank, where such transfer or removal is apprehended.

(2) An application under sub-section (1), shall state the nature and extent of the liability of the industrial concern in the small-scale sector to the Small Industries Bank, the ground on which it is made and such other particulars as may be necessary for obtaining the relief prayed for.

(3) Where the application is for the reliefs mentioned in clause (a) and clause (c) of sub-section (1), the court shall pass an *ad interim* order attaching the security, or so much of the property of the industrial concern in the small-scale sector as would on being sold realise in its estimation an amount equivalent in value to the outstanding liability of such industrial concern to the Small Industries Bank together with costs of the proceedings taken under this section with or without an *ad interim* injunction restraining such industrial concern from transferring or removing its machinery, plant or equipment.

(4) Where the application is for the relief mentioned in clause (b) of sub-section (1), the court shall issue a notice calling upon the surety to show cause on a date to be specified in the notice as to why the liability should not be enforced.

(5) Before passing any order under sub-section (3) or issuing a notice under sub-section (4), the court may, if it thinks fit, examine the officer making the application.

(6) At the same time as it passes an order under sub-section (3), the court shall issue to the industrial concern in the small-scale sector or to the owner of the security attached, a notice accompanied by copies of the order, the application and the evidence, if any, recorded by the court calling upon such industrial concern or owner, to show cause on a date to be specified in the notice, as to why the ad interim order of attachment should not be made absolute or the injunction confirmed.

(7) If no cause is shown, on or before the date specified in the notice under sub-section (4), the court shall forthwith order the enforcement of the liability of the surety.

(8) If no cause is shown on or before the date specified in the notice under sub-section (6), the court shall forthwith make the ad interim order absolute and direct the sale of the attached property or confirm the injunction.

(9) If cause is shown, the court shall proceed to investigate the claim of the Small Industries Bank in accordance with the provisions contained in the Code of Civil Procedure, 1908, insofar as such provisions may be applied thereto.

5 of 1908.

(10) After making an investigation under sub-section (9), the court may—

(a) confirm the order of attachment and direct the sale of the attached property;

(b) vary the order of attachment so as to release a portion of the property from attachment and direct the sale of the remainder of the attached property;

(c) release the property from attachment;

(d) confirm or dissolve the injunction; or

(e) direct the enforcement of the liability of the surety or reject the claim made in this behalf:

Provided that when making an order under clause (c) or making an order rejecting the claim to enforce the liability of the surety under clause (e), the court may make such further order as it thinks necessary to protect the interests of the Small Industries Bank and may apportion the cost of the proceedings in such manner as it thinks fit:

Provided further that unless the Small Industries Bank intimates to the court that it will not, appeal against any order releasing any property from attachment or rejecting the claim to enforce the liability of the surety, such order shall not be given effect to, until the expiry of the period fixed under sub-section (12) within which an appeal may be preferred or, if an appeal is preferred, unless the court empowered to hear appeals from the decisions of the said court otherwise directs, until the appeal is disposed of.

5 of 1908.

(11) An order of attachment or sale of property under this section shall be carried into effect as far as practicable in the manner provided in the Code of Civil Procedure, 1908, for the attachment or sale of property in execution of a decree as if the Small Industries Bank were the decree holder.

(12) Any party aggrieved by an order under sub-section (7), sub-section (8) or sub-section (10) may, within thirty days from the date of the order, appeal to the court empowered to hear appeals from the decisions of the court which passed the order and upon such appeal the appellate court may after hearing the parties, pass such orders as it thinks proper.

(13) Where proceedings for liquidation in respect of an industrial concern in the small-scale sector have commenced before an application is made under sub-section (1), nothing in this section shall be construed as giving to the Small Industries Bank any preference over the other creditors of such industrial concern not conferred on it by any other law.

(14) For the removal of doubts, it is hereby declared that any court competent to grant an *ad interim* injunction under this section shall also have the power to appoint a receiver and to exercise all the other powers incidental thereto.

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Arrangement with Small Industries Bank on appointment of Directors to prevail.

47. (1) Where any arrangement entered in to by the Small Industries Bank with an industrial concern in the small-scale sector provides for the appointment by the Small Industries Bank of one or more Directors of such industrial concern, such provision and any appointment of Directors made in pursuance, thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force on the memorandum articles of association or any other instrument relating to that industrial concern, and any provision regarding share qualification, age-limit, number of directorships, removal from office of Directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any Director appointed by the Small Industries Bank in pursuance of the arrangement as aforesaid.

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further to amend the Small Industries Development Bank of India Act, 1989.

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*(Shri Pranab Mukherjee, Minister of Finance)*