



**भारत का राजपत्र**  
**The Gazette of India**

असाधारण  
EXTRAORDINARY

भाग II-खंड 1  
PART II—Section 1

प्राधिकार से प्रकाशित  
PUBLISHED BY AUTHORITY

सं० 56] नई दिल्ली, शनिवार, सितम्बर 9, 1995/भाद्र 18, 1917  
No. 56] NEW DELHI, SATURDAY, SEPTEMBER 9, 1995/BHADRA 18, 1917

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

**MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS**  
(Legislative Department)

*New Delhi, the 9th September, 1995/Bhadra 18, 1917 (Saka)*

The following Act of Parliament received the assent of the President on the 8th September, 1995, and is hereby published for general information:—

**THE SICK TEXTILE UNDERTAKINGS (NATIONALISATION) AMENDMENT ACT, 1995**

No. 40 OF 1995

[8th September, 1995.]

An Act to amend the Sick Textile Undertakings (Nationalisation) Act, 1974 and the Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Act, 1986.

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

1. (1) This Act may be called the Sick Textile Undertakings (Nationalisation) Amendment Act, 1995.

Short title and commencement.

(2) It shall be deemed to have come into force on the 27th day of June, 1995.

2. In the Sick Textile Undertakings (Nationalisation) Act, 1974, after section 11, the following section shall be inserted, namely:—

Amendment of Act 57 of 1974.

“11A. If the National Textile Corporation considers it necessary or expedient for the better management, modernisation, restructuring or revival of a sick textile undertaking so to do, it may, with the previous sanction of the Central Government, transfer, mortgage, sell

Special provision for disposal

of assets of the sick textile undertakings in certain circumstances.

or otherwise dispose of any land, plant, machinery or any other assets of any of the sick textile undertakings:

Provided that the proceeds of no such transfer, mortgage, sale or disposal shall be utilised for any purpose other than the purpose for which the sanction of the Central Government has been obtained.”.

Amendment of Act 30 of 1986.

3. In the Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Act, 1986, after section 10, the following section shall be inserted, namely:—

Special provision for disposal of assets of the textile undertakings in certain circumstances.

“10A. If the National Textile Corporation considers it necessary or expedient for the better management, modernisation, restructuring or revival of a textile undertaking so to do, it may, with the previous sanction of the Central Government, transfer, mortgage, sell or otherwise dispose of any land, plant, machinery or any other assets of any of the textile undertakings:

Provided that the proceeds of no such transfer, mortgage, sale or disposal shall be utilised for any purpose other than the purpose for which the sanction of the Central Government has been obtained.”.

Repeal and saving.

4. (1) The Sick Textile Undertakings (Nationalisation) Amendment Ordinance, 1995, is hereby repealed.

Ord. 7 of 1995.

(2) Notwithstanding such repeal, anything done or any action taken under the Sick Textile Undertakings (Nationalisation) Act, 1974 and the Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Act, 1986, as amended by the Ordinance so repealed shall be deemed to have been done or taken under the corresponding provisions of those Acts, as amended by this Act.

57 of 1974.

30 of 1986.

K. L. MOHANPURIA,  
Secy. to the Govt. of India.



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*New Delhi, the 9th September, 1995/Bhadra 18, 1917 (Saka)*

The following Act of Parliament received the assent of the President on the 8th September, 1995, and is hereby published for general information:—

## THE TEXTILE UNDERTAKINGS ( NATIONALISATION ) ACT, 1995

No. 39 OF 1995

[8th September, 1995.]

An Act to provide for the acquisition and transfer of the textile undertakings, and the right, title and interest of the owners in respect of the textile undertakings, specified in the First Schedule with a view to augmenting the production and distribution of different varieties of cloth and yarn so as to subserve the interests of the general Public and for matters connected therewith or incidental thereto,

WHEREAS the textile companies specified in column (3) of the First Schedule have, through their undertakings specified in column (2) of the said Schedule, been engaged in the manufacture and production of different varieties of cloth and yarn;

AND WHEREAS, pending acquisition, the management of the said textile undertakings was taken over by the Central Government under section 3 of the Textile Undertakings (Taking Over of Management) Act, 1983 or under section 3 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976, as the case may be;

AND WHEREAS large sums of money have been invested with a view to making the said textile undertakings viable;

AND WHEREAS further investment of very large sums of money is necessary for the purpose of securing the optimum utilisation of the available facilities for the manufacture, production and distribution of cloth and yarn by the said textile undertakings of the companies;

AND WHEREAS such investment is also necessary for securing the continued employment of the workmen employed in the said textile undertakings;

AND WHEREAS it is necessary in the public interest to acquire the said textile undertakings of the textile companies to ensure that the interest of the general public are served by the continuance by the said undertakings of the companies of the manufacture, production and distribution of different varieties of cloth and yarn which are vital to the needs of the country;

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

## CHAPTER I

### PRELIMINARY

Short title  
and  
com-  
mencement.

1. (1) This Act may be called the Textile Undertakings (Nationalisation) Act, 1995.

(2) The provisions of sections 31 and 32 shall come into force at once and the remaining provisions of this Act shall be deemed to have come into force on the 1st day of April, 1994.

Definitions

2. (1) In this Ordinance, unless the context otherwise requires,—

(a) “appointed day” means the 1st day of April, 1994;

(b) “bank” means—

(i) the State Bank of India constituted under the State Bank of India Act, 1955;

23 of 1955.

(ii) a subsidiary Bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959;

38 of 1959.

(iii) a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970;

5 of 1970.

(iv) a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980;

40 of 1980.

(v) any other bank, being a scheduled bank as defined in clause (e) of section 2 of the Reserve Bank of India Act, 1934;

2 of 1934.

(c) “Commissioner” means a Commissioner of Payments appointed under section 17;

(d) “Custodian” means a Custodian appointed under section 4 of the Textile Undertakings (Taking Over of Management) Act, 1983 or under section 4 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976, as the case may be;

40 of 1983.

98 of 1976.

1 of 1956. (e) "National Textile Corporation" means the National Textile Corporation Limited formed and registered under the Companies Act, 1956;

(f) "notification" means a notification published in the Official Gazette;

40 of 1983. 98 of 1976. (g) "owner", when used in relation to a textile undertaking, means any person or firm who or which is, immediately before the appointed day, the immediate proprietor or lessee or occupier of the textile undertaking or any part thereof, and in the case of a textile company which is being wound up or the business whereof is being carried on by a liquidator or receiver, includes such liquidator or receiver, and also includes any agent or manager of such owner but does not include any person or body of persons authorised under the Textile Undertakings (Taking Over of Management) Act, 1983 or under the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 to take over the management of the whole or any part of the textile undertaking;

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

(i) "specified date" means such date as the Central Government may, for the purpose of any provision of this Act, by notification, specify; and different dates may be specified for different provision of this Act;

955. (j) "subsidiary textile corporation" means the National Textile Corporation (South Maharashtra) Limited, the National Textile Corporation (Uttar Pradesh) Limited or, any other textile corporation formed by the National Textile Corporation as its subsidiary;

959. (k) "textile" includes yarn or fabrics made either wholly or partly of cotton, wool, jute, synthetic and artificial (man-made) fibres;

70. 1 of 1956. (l) "textile company" means a company (being a company as defined in the Companies Act, 1956) specified in column (3) of the First Schedule as owning the textile undertaking specified in the corresponding entry in column (2) of that Schedule;

980. 34. 40 of 1983. 983. 98 of 1976. (m) "textile undertaking" or "the textile undertaking" means an undertaking specified in column (2) of the First Schedule, the management of which was before the appointed day, taken over by the Central Government under the Textile Undertakings (Taking Over of Management) Act, 1983, or as the case may be under the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976;

976. 1 of 1956. (2) Words and expressions used herein and not defined but defined in the Companies Act, 1956, shall have the meanings respectively assigned to them in that Act.

## CHAPTER II

## ACQUISITION AND TRANSFER OF THE TEXTILE UNDERTAKINGS

Acquisition of rights of owners and vesting of the textile undertakings.

General effect of vesting.

3. (1) On the appointed day, the right, title and interest of the owner in relation to every textile undertaking shall stand transferred to and shall and shall vest absolutely in, the Central Government.

(2) Every textile undertaking which stands vested in the Central Government by virtue of sub-section (1) shall immediately after it has so vested, stand transferred to, and vested in, the National Textile Corporation.

4. (1) The textile undertakings referred to in section 3 shall be deemed to include all assets, rights, lease-holds, powers, authorities and privileges and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery and equipment, cash balances, cash on hand, reserve funds, investments and book debts pertaining to the textile undertakings and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control of the textile company in relation to the said undertakings, whether within or outside India, and all books of account, registers and all other documents of whatever nature relating thereto and shall also be deemed to include the liabilities and obligations specified in sub-section (2) of section 5.

(2) All property as aforesaid which have vested in the Central Government under sub-section (1) of section 3 shall, by force of such vesting, be freed and discharged from any trust, obligation mortgage, charge, lien and all other incumbrances affecting it, and any attachment, injunction or decree or order of any court or other authority restricting the use of such property in any manner shall be deemed to have been withdrawn.

(3) Where any licence or other instrument in relation to a textile undertaking had been granted at any time before the appointed day to the owner by the Central Government or a State Government or any other authority, the National Textile Corporation shall, on and from such date, be deemed to be substituted in such licence or other instrument in place of the owner referred to therein as if such licence or such other instrument had been granted to it and shall hold such licence or the textile undertaking specified in such other instrument for the remainder of the period for which the owner would have held such licence or the textile undertaking under such other instrument.

(4) Every mortgagee of any property which has vested under this act in the Central Government and every person holding any charge, lien or other interest in, or in relation to, any such property shall give, within such time and in such manner as may be prescribed, an intimation to the Commissioner of such mortgage, charge, lien or other interest.

(5) For the removal of doubts, it is hereby declared that the mortgagee of any property referred to in sub-section (2) or any other person holding any charge, lien or other interest in, or in relation to, any such property, shall be entitled to claim, in accordance with his rights and interests, payment of the mortgage money or other dues, in whole

or in part, out of the amounts specified in relation to such property in the First Schedule, but no such mortgage, charge, lien or other interest shall be enforceable against any property which has vested in the Central Government.

(6) If, on the appointed day, any suit, appeal or other proceeding of whatever nature in relation to any property which has vested in the Central Government under section 3, instituted or preferred by or against the textile company is pending, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the textile undertakings or of anything contained in this act, but the suit, appeal or other proceeding may be continued, prosecuted or enforced by or against the National Textile Corporation.

Ord.  
6 of 1955.

(7) Any person who, on the date on which the Textile Undertakings (Nationalisation) Ordinance, 1955 was promulgated, was in possession of, or had under his custody or control, the whole or any part of any textile undertaking referred to in section 3, the management of which could not be taken over by the Central Government by reason of any decree, order or injunction of any court or otherwise, shall deliver forthwith the possession of such undertaking or part and all books of account, registers and all other documents of whatever nature relating to such undertaking or part to the Central Government or the National Textile Corporation, as the case may be, may specify in this behalf.

5. (1) Every liability, other than the liability specified in sub-section (2), of the owner of a textile undertaking, in relation to the textile undertakings in respect of any period prior to the appointed day, shall be the liability of such owner and shall be enforceable against him and not against the Central Government or the National Textile Corporation.

Owner  
to be  
liable  
for con-  
tain  
prior  
liabili-  
ties.

(2) Any liability arising in respect of—

(a) loans advanced by the Central Government, or a State Government, or both, to a textile undertaking (together with interest due thereon) after the management of such undertaking had been taken over by the Central Government under section 3 of the Textile Undertakings (Taking Over of Management) Act, 1983, or as the case may be, under section 3 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976;

49 of 1983.

98 of 1976.

(b) amounts advanced to a textile undertaking [after the management of such undertaking had been taken over by the Central Government under section 3 of the Textile Undertakings (Taking Over of Management) Act, 1983, or as the case may be, under section 3 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of management) Act, 1976], by the National Textile Corporation or by a state textile corporation, or by both, together with interest due thereon;

40 of 1983.

98 of 1976.

(c) wages, salaries and other dues of employees of the textile undertaking, in respect of any period after the management of such undertaking had been taken over by the Central Government,

shall, on and from the appointed day, be the liability of the Central Government and shall be discharged for and on behalf of that Government, by the National Textile Corporation as and when repayment of such

loans or amounts becomes due or as and when such wages, salaries or other dues become due and payable.

(3) For the removal of doubts, it is hereby declared that,—

(a) save as otherwise expressly provided in this section or in any other section of this act, no liability, other than the liability specified in sub-section (2), in relation to a textile undertaking, in respect of any period prior to the appointed day, shall be enforceable against the Central Government or the National Textile Corporation;

(b) no award, decree or order of any court, tribunal or other authority in relation to any textile undertaking, passed after the appointed day, in respect of any matter, claim or dispute in relation to any matter not referred to in sub-section (2), which arose before that day shall be enforceable against the Central Government or the National Textile Corporation;

(c) no liability of any textile undertaking or any owner thereof in relation to any textile undertaking before the appointed day, for the contravention of any provision of law for the time being in force, shall be enforceable against the Central Government or the National Textile Corporation;

Transfer  
of any  
textile  
under-  
taking  
or part  
thereof  
to a  
subsidiary  
textile  
Corpora-  
tion.

6. (1) The National Textile Corporation may, by order in writing, transfer any textile undertaking specified at serial numbers 1 to 13 in the First Schedule or part of any such textile undertaking to the National Textile Corporation (South Maharashtra) Limited and any textile undertaking specified at serial numbers 14 and 15 in the First Schedule or part of any such textile undertaking to the National Textile Corporation (Uttar Pradesh) Limited, as the case may be, or to any other subsidiary textile corporation and any such transfer shall be subject to such terms and conditions as may be specified in the said order.

(2) The subsidiary textile corporation shall, on and from the date of such transfer, be deemed to be substituted in the licence or other instrument referred to in sub-section (3) of section 4 in place of the National Textile Corporation as if such licence or other instrument had been granted to the subsidiary textile corporation, and shall hold such licence or other instrument for the remainder of the period for which the National Textile Corporation would have held such licence or other instrument.

(3) On the transfer to a subsidiary textile corporation of any textile undertaking or any part thereof, the liabilities of the National Textile Corporation, referred to in sub-section (2) of section 5, shall, in so far as they relate to the textile undertaking or part thereof so transferred to the subsidiary textile corporation, become, on and from the date of such transfer, the liabilities of the subsidiary textile corporation and shall be discharged by the subsidiary textile corporation as and when any such liability is required to be discharged.

(4) Save as otherwise expressly provided in this act, references in this act to the National Textile Corporation shall, in respect of any textile undertaking or any part thereof which is transferred to a subsidiary textile corporation, be construed as references to the subsidiary textile corporation.



7. (1) An amount equal to the value of the assets of a textile undertaking transferred to, and vested in, the National Textile Corporation under sub-section (2) of section 3, shall be deemed to be contribution made by the Central Government to the equity capital of the National Textile Corporation; and for the contribution so made, the National Textile Corporation shall issue (if necessary after amending its memorandum and articles of association) to the Central Government paid-up shares, in its equity capital, having a face value equal to the amount specified against the textile undertaking in the corresponding entry in column (4) of the First Schedule.

Shares to be issued by the National Textile Corporation for the value of the assets transferred to it by the Central Government.

(2) Where any liability assumed by the Central Government under this Act, is taken over by the National Textile Corporation under section 27, the Central Government shall surrender to that Corporation the shares issued to it under sub-section (1) having the face value equal to the amount to the extent to which the liability has been so taken over by the National Textile Corporation and thereupon the share capital of the National Textile Corporation shall, to the extent of the face value of the shares so surrendered, stand reduced.

### CHAPTER III

#### PAYMENT OF AMOUNTS

8. The owner of every textile undertaking shall be given by the Central Government, in cash and in the manner specified in Chapter VI, for the transfer to, and vesting in, it, under sub-section (1) of section 3, of such textile undertaking and the right, title and interest of the owner in relation to such textile undertaking, an amount equal to the amount specified against it in the corresponding entry in column (4) of the First Schedule.

Payment of amount to owners of textile undertakings.

9. (1) In consideration of the retrospective operation of the provisions of sections 3, 4 and 5, there shall be given, in cash, by the Central Government, to the owner of every textile undertaking, the management of which was taken over by the Central Government an amount equal to an amount calculated at the rate specified in section 5 of the Textile Undertakings (Taking Over of Management) Act, 1983, or as the case may be, as specified in section 5 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 for the period commencing on the appointed day and ending on the date on which the Textile Undertakings (Nationalisation) Ordinance, 1995 was promulgated.

Payment of further amount.

(2) In addition to the amount referred to in section 8, there shall be given by the Central Government, in cash, to the owner of every textile undertaking, simple interest at the rate of four per cent. per annum on the amount specified against such owner in the corresponding entry in column (4) of the First Schedule for the period commencing on the appointed day and ending on the date on which payment of such amount is made by the Central Government to the Commissioner.

(3) The amount representing interest calculated at the rate specified in sub-section (2) shall be given in addition to the amount specified in the First Schedule.

(4) For the removal of doubts, it is hereby declared that the liabilities of the owners in relation to the textile undertakings which

40 of 1983.

98 of 1976.  
Ord. 6 of  
1995.

have vested in the Central Government under section 3 shall be discharged from the amount referred to in the First Schedule and also from the amounts determined under sub-sections (1) and (2) in accordance with the rights and interests of the creditors of the owner.

#### CHAPTER IV

##### MANAGEMENT, ETC., OF TEXTILE UNDERTAKINGS

Management, etc. of Textile undertakings.

10. The National Textile Corporation or any person which that Corporation may, by order in writing, specify, shall be entitled to exercise the powers of general superintendence, direction, control and management of the affairs and business of a textile undertaking, the right, title and interest of an owner in relation to which have vested in that Corporation under sub-section (2) of section 3, and do all such things as the owner of the textile undertaking is authorised to exercise and do.

Special provision for disposal of assets of the textile undertakings in certain circumstances.

11. If the National Textile Corporation considers it necessary or expedient for the better management, modernisation, restructuring or revival of a textile undertaking so to do, it may, with the previous sanction of the Central Government, transfer, mortgage; sell or otherwise dispose of any land, plant, machinery or any other assets of any of the textile undertakings:

Provided that the proceeds of no such transfer, mortgage, sale or disposal of assets shall be utilized for any purpose other than the purpose for which the sanction of the Central Government has been obtained.

Duty of persons in charge of management of textile undertakings to deliver all assets etc.

12. On the vesting of the management of a textile undertaking in the National Textile Corporation, all persons in charge of the management of such textile undertaking immediately before such vesting shall be bound to deliver to the National Textile Corporation all assets, books of account, registers or other documents in their custody relating to the textile undertaking.

Accounts.

13. The National Textile Corporation shall maintain the accounts of the textile undertakings in accordance with the provisions of the Companies Act, 1956.

1 of 1956.

#### CHAPTER V

##### PROVISIONS RELATING TO EMPLOYEES OF TEXTILE UNDERTAKINGS

Employment of certain employees to continue.

14. (1) Every person who is a workman within the meaning of the Industrial Disputes Act, 1947, and has been, immediately before the appointed day, in the employment of a textile undertaking shall become, on and from the appointed day, an employee of the National Textile Corporation, and shall hold office or service in the National Textile Corporation with the same rights and privileges as to pension, gratuity and

14 of 1947.