

**THE HIMACHAL PRADESH SCHEDULED CASTES ¹[AND
SCHEDULED TRIBES] DEVELOPMENT CORPORATION
ACT, 1979**

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**THE HIMACHAL PRADESH SCHEDULED CASTES ¹[AND
SCHEDULED TRIBES] DEVELOPMENT CORPORATION
ACT, 1979**

(ACT NO. 20 OF 1979)²

(Received the assent of the President of India, on 13th August, 1979, and was published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 23rd August, 1979, pp. 2123-2134.)

Amended, repealed or otherwise affected by,-

1. H.P. Act No. 28 of 1979³, assented to by the Governor on the 16th November, 1979, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 22nd November, 1979, pp. 2520-2523, effective from 20th September, 1979.
2. H.P. Act No. 8 of 1984⁴, assented to by the Governor on the 9th May, 1984, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 17th May, 1984, pp. 889-895
3. H.P. Act No. 7 of 1987⁵, assented to by the Governor on the 11th April, 1987, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 13th April, 1987, p. 685-688, effective from 12th February, 1987.
4. H.P. Act No. 16 of 1991⁶, assented to by the Governor on the 20th October, 1991, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 21st October, 1991, pp. 2347-2352, effective from 10th July, 1991.
5. H.P. Act No. 19 of 1998⁷, assented to by the Governor on 22nd September, 1998, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 23rd September, 1998, pp. 3433-3436.

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1. Inserted vide H.P. Act No. 8 of 1984.
 2. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 12th April, 1979, p. 1473.
 3. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 5th November, 1979, p. 2494.
 4. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 4th April, 1984, p. 586.
 5. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 11th March, 1987, pp. 397.
 6. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 12th September, 1991, pp. 1949 and 1953.
 7. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 24th July, 1998, pp. 2726 and 2730.

6. H.P. Act No. 16 of 2004¹, assented to by the Governor on the 20th August, 2004, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 24th August, 2004, p. 1683-1686.
7. H.P. Act No. 11 of 2008² assented to by the Governor on the 6th June, 2008, published in Hindi and English in the Rajpatra, Himachal Pradesh, dated 9th June, 2008 pp. 1561-1564.

An Act to provide for the establishments of the Himachal Pradesh Scheduled Castes ³[and Scheduled Tribes] Development Corporation.

BE it enacted by the Legislative Assembly of Himachal Pradesh in the Thirtieth Year of the Republic of India as follows:-

**CHAPTER-I
PRELIMINARY**

1. Short title.- This Act may be called the Himachal Pradesh Scheduled Castes ⁴[and Scheduled Tribes] Development Corporation Act, 1979.

2. Definitions.- In this Act, unless there is anything repugnant in the subject or context,-

(a) 'agricultural development' includes development of horticulture, forests, dairy, poultry, piggery, sheep and cattle breeding, pisciculture and sericulture;

⁵[(aa) 'bank' means,-

- (i) a banking company as defined in the Banking Regulation Act, 1949 (10 of 1949),
- (ii) the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955),
- (iii) a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959),
- (iv) a Regional Rural Bank established under the Regional Rural Banks Act, 1976 (21 of 1976),

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- 1 Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 24th June, 2004, pp. 942 and 945.
 2. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh, dated 17th April, 2008, pp. 274 and 277.
 3. Inserted vide H.P. Act No. 8 of 1984.
 4. Inserted vide H.P. Act No. 8 of 1984.
 5. Clause (aa) inserted vide H.P. Act No. 28 of 1979, effective from 20th September, 1979.

- (v) a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970),
 - (vi) any banking institution notified by the Central Government under section 51 of the Banking Regulation Act, 1949 (10 of 1949),
 - (vii) the Agricultural Refinance and Development Corporation constituted under the Agricultural Refinance and Development Corporation Act, 1963 (1 of 1963),
 - (viii) the Agro-Industries Corporation as defined in clause (c) of section 2 of the Himachal Pradesh Agricultural Credit Operations and Miscellaneous Provisions (Banks) Act, 1972 (7 of 1973),
 - (ix) the Agricultural Finance Corporation Limited, a company incorporated under the Companies Act, 1956 (1 of 1956),
 - (x) any other financial institution notified by the State Government in the Official Gazette, as bank for the purposes of this Act,]
- (b) 'Board' means the Board of directors of the Corporation;
- (c) 'Central Government' means the Government of India;
- ¹[(d) 'Chairman' and 'Vice-Chairman' means the Chairman and the Vice-Chairman of the Corporation;];
- ²[(dd) 'Collector' means the Collector of the District and includes any other officer, not below the rank of the Assistant Collector of the 1st Grade, empowered by the State Government to discharge the functions of the Collector for the purposes of this Act;];
- (e) 'Corporation' means the Himachal Pradesh Scheduled Castes ³[and Scheduled Tribes] Development Corporation, established under section 3;
- (f) 'director' means a director of the Board and includes the Chairman ⁴[and the Vice-Chairman];

1. Clause (d) substituted vide H.P. Act No. 28 of 1979, effective from 20th September, 1979, substituted vide H.P. Act No. 8 of 1984 again substituted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.

2. Clause (dd) inserted vide H.P. Act No. 8 of 1984.

3. Inserted vide H.P. Act No. 8 of 1984.

4. Words "and the Vice-Chairman" added by Act No. 28 of 1979, effective from 20th September, 1979, omitted vide H.P. Act No. 8 of 1984 and again inserted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.

- (g) 'Government' means the Government of Himachal Pradesh;
- (h) 'margin money' means the margin money required by the financial banking institutions from the beneficiaries;
- (i) 'marketing' means all activities relating to the transport, grading, pooling, marketing and sale of agricultural or industrial produce, whether in the primary form or in semi-processed or processed form;
- (j) 'prescribed' means prescribed by rules made under the Act;
- (k) 'processing' means all activities relating to the processing of agricultural produce so as to make it marketable or fit for consumption and includes purchase and storage of raw-material, purchase of equipment, and purchase, installation and running of machinery, required for processing and storage of finished produce;
- ¹[(kk) 'schedule' means the schedule appended to this Act;]
- (l) 'schedule castes' means such castes, races or tribes or parts of or groups within such castes, races or tribes as are deemed under article 341 of the Constitution of India to be scheduled castes;
- ²[(m) 'scheduled castes organisation' or 'scheduled tribes organisation' means a firm registered under the Partnership Act, 1932 (9 of 1932), an association registered under the Societies Registration Act, 1860 (21 of 1860), or a co-operative society registered under the Himachal Pradesh Co-operative Societies Act, 1968 (3 of 1969) in which not less than fifty-one percent of the paid up capital is held by the members of the scheduled castes, or as the case may be by the members of the scheduled tribes;]; and
- ³[(mm) 'scheduled tribes' shall have the same meaning as assigned to it in Clause (25) of Article 366 of the Constitution of India.]
- (n) 'small scale industry' means such cottage and small scale industry as may by notification in the Official Gazette be specified by the State Government; and
- (o) 'supply and storage' means supply and storage of agricultural inputs and establishment, maintenance and running of storages, cold-storages and warehouses.

1 . Clause (kk) inserted vide H.P. Act No. 8 of 1984.

2. Clause (m) substituted vide H.P. Act No. 8 of 1984.

3. Clause (mm) inserted vide H.P. Act No. 8 of 1984.

CHAPTER-II
INCORPORATION OF HIMACHAL PRADESH SCHEDULED
CASTES ¹[AND SCHEDULED TRIBES] DEVELOPMENT
CORPORATION AND ITS CAPITAL

3. Establishment of Himachal Pradesh ²[Scheduled Castes and Scheduled Tribes Development Corporation].- (1) With effect from such date³ as the State Government may, by notification, specify in this behalf, the State Government may establish for the purpose of this Act a Corporation known as the Himachal Pradesh ⁴[Scheduled Castes and Scheduled Tribes Development Corporation].

(2) The Corporation shall be a body corporate with the name aforesaid having perpetual succession and a common seal with powers, 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. Head office of Corporation.- (1) The head office of the Corporation shall be at Shimla or at such other place as the State Government may, by notification, specify.

(2) The Corporation may establish its offices or agencies at such places within or outside the State as it may think fit.

5. Capital of Corporation.- (1) The authorised capital of the Corporation shall be such sum not exceeding ⁵[sixty crores] of rupees as the State Government may fix:

Provided that where the capital initially fixed is less than ⁶[sixty crores] of rupees the State Government may, from time to time, increase the

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1. Inserted vide H.P. Act No. 8 of 1984.
 2. Substituted for the words "Scheduled Castes Development Corporation" vide H.P. Act No. 8 of 1984.
 3. Corporation established w.e.f. 14th November, 1979 vide Notification No. Kalyan-ka-(4)-13/79, dated 14th November, 1979, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 19th November, 1979, p. 2512.
 4. Substituted for the words "Scheduled Castes Development Corporation" vide H.P. Act No. 8 of 1984.
 5. The words "ten crores" substituted for the words "five crores". vide H.P. Act No. 8 of 1984, the words "twenty crores" substituted for the words "ten crores" vide H.P. Act No. 16 of 1991, the words "thirty crores" substituted for the words "twenty crores" vide H.P. Act No. 19 of 1998, the words "forty crores" substituted for the words "thirty crores" vide H.P. Act No. 16 of 2004, and again the words "sixty crores" substituted for the words "forty crores" vide H.P. Act No. 11 of 2008.
 6. The words "ten crores" substituted for the words "five crores". vide H.P. Act No. 8 of 1984, the words "twenty crores" substituted for the words "ten crores" vide H.P. Act No. 16 of 1991, the words "thirty crores" substituted for the words "twenty crores" vide H.P. Act No. 19 of 1998, the words "forty crores" substituted for the words "thirty crores" vide H.P. Act No. 16 of 2004, and again the words "sixty crores" substituted for the words "forty crores" vide H.P. Act No. 11 of 2008.

capital to such sum not exceeding ¹[sixty crores] of rupees as it may think fit.

(2) Such capital may be provided subject to such terms and conditions as may be determined by the State Government.

Explanation.- The expression ‘authorised capital’ for the purpose of this section shall not include the grant-in-aid received by the Corporation for the managerial assistance.

CHAPTER-III MANAGEMENT OF THE CORPORATION

6. Management.- (1) The general superintendence, direction and management of the affairs and business of the Corporation shall vest in a board of directors which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation under this Act.

(2) The Board of directors in discharging its functions shall act having regard to public interest, welfare of ²[scheduled castes and scheduled tribes] and solvency of the Corporation and shall be guided by such instructions on questions of policy as may be given to it by the State Government.

(3) If any doubt arises as to whether a question is or is not a question of policy the decision of the State Government thereon shall be final.

³**[7. Board of directors.-** (1) The Board shall consist of sixteen directors who shall be nominated by the State Government:

Provided that not less than two directors shall be nominated from amongst the officers serving the State Government in the Department of Welfare and the remaining shall be nominated from amongst the persons who have special knowledge of industries, handicrafts, animal husbandry, agriculture, agro-Industries, water development projects, finance, co-operative and financial institutions:

Provided further that not less than two directors shall be non-officials belonging to scheduled castes and at least one director shall be non-official belonging to the scheduled tribes.

⁴[(2) The State Government shall nominate out of the directors, appointed under sub-section (1), the Chairman and the Vice-Chairman of the Corporation.]

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1. The words “ten crores” substituted for the words “five crores” vide H.P. Act No. 8 of 1984, words “twenty crores” substituted for the words “ten crores” vide H.P. Act No. 16 of 1991, the words “thirty crores” substituted for the words “twenty crores” vide H.P. Act No. 19 of 1998, the words “forty crores” substituted for the words “thirty crores” vide H.P. Act No. 16 of 2004, the words “sixty crores” substituted for the words “forty crores” vide H.P. Act No. 11 of 2008.
 2. Substituted for the words “scheduled castes” vide H.P. Act No. 8 of 1984.
 3. Section 7 amended vide, H.P. Act No. 28 of 1979 and substituted vide H.P. Act No. 8 of 1984.
 4. Sub-section (2) substituted vide H.P. Act No. 7 of 1987 effective from 12th February, 1987.

(3) On the occurrence of any vacancy in the office of the Chairman¹[, the Vice-Chairman] or a director due to death, resignation or otherwise, the same shall be filled up by the State Government in the manner provided in sub-section (1) or in sub-section (2), as the case may be.

²[(4) The Chairman and the Vice-Chairman shall perform such duties, and exercise such powers as may be assigned to them or conferred upon them by the Board under sub-section (2) of section 15 of this Act.]

(5) Subject to the provisions of this Act the terms and conditions of appointment of the Chairman³[, the Vice-Chairman] and the directors and the fees and allowances payable to them, shall be such as may be prescribed.]

⁴**8. Term of office.-** The Chairman⁵[, the Vice-Chairman] and other directors shall hold office during the pleasure of the State Government.]

9. Disqualification of office of director.- A person shall be disqualified for being nominated as and for being, a director of the Corporation-

- (a) if he is, or at any time has been adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors;
- (b) if he is of unsound mind and stands so declared by a competent court;
- (c) if he is or has been convicted of any offence which in the opinion of the State Government involves moral turpitude; or
- (d) if he has been removed or dismissed from the service of any State Government or Central Government or a Corporation owned or controlled by any State Government or Central Government.

10. Director not to participate in certain cases.- A director who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Board or a committee thereof shall, as soon as possible, after the relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the board or the committee, as the case may be, and the director shall not take any part in any deliberation or decision of the Board or the committee with respect to that matter.

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1. Inserted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.
 2. Sub-section (4) substituted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.
 3. Inserted vide H.P. Act No. 7 of 1987 effective from 12th February, 1987.
 4. Section 8 amended vide H.P. Act No. 28 of 1979 and substituted vide H.P. Act No. 8 of 1984.
 5. Inserted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.

¹[**11. Resignation.-** ²[The Chairman, the Vice-Chairman or a director] may resign his office by giving notice thereof in writing to the State Government and on such resignation being accepted he shall be deemed to have vacated his office.]

12. Meetings.- (1) The Board shall meet at such times and places and shall observe such rules or procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations.

³(2) The Chairman, and in his absence ⁴[the Vice-Chairman, or in the absence of both] any other director elected by the directors from amongst themselves, shall preside at every meeting of the Board].

(3) All questions which come up before any meeting of the Board shall be directed by a majority of the votes of directors present and voting, and, in the event of an equality of votes, ⁵[the Chairman, or in his absence ⁶{the Vice-Chairman, or in the absence of both} the person presiding,] shall have and exercise a second or casting vote.

13. Managing director.- (1) The State Government shall appoint one of the directors, being an officer of the State Government, as managing director who shall hold that office during its pleasure.

(2) The managing director shall-

- (a) be its chief executive officer;
- (b) be responsible for the operational management of the Corporation and implementation of the general policies approved by the Board;
- (c) perform such duties as the Board may, by regulations or otherwise, assign to him;
- (d) receive such salary and allowances and be governed by such terms and conditions of service as may be determined by the Board and approved by the State Government.

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1. Section 11 along with its heading substituted vide H.P. Act No. 8 of 1984.
 2. Substituted for the words "A director" vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.
 3. Sub-section (2) substituted vide H.P. Act No. 28 of 1979, effective from 20th September, 1979.
 4. The words and signs "the Vice-Chairman, or in the absence of both" omitted vide H.P. Act No. 8 of 1984 and again inserted vide. Act No. 7 of 1987, effective from 12th February, 1987.
 5. The words "the chairman, the vice-chairman or the person presiding, as the case may be," substituted for the words "the chairman, or in his absence the person presiding; vide H.P. Act No. 28 of 1979, effective from 20th September, 1979, again the words "the Chairman, or in his absence the person presiding" substituted for the words "the chairman, the vice-chairman or the person presiding, as the case may be," vide H.P. Act No. 8 of 1984.
 6. Inserted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.

(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 State Government may appoint another person to act in his place during his absence.

14. Defect in appointment not to invalidate acts, etc.- (1) No act or proceeding of the Board or any of its committees shall be questioned or be invalid on the ground merely on the existence of any vacancy in, or any defect in the constitution of, the Board or the committee as the case may be.

(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 there was any other defect in his nomination.

15. Officers and other employees of the Corporation.- (1) The Board may appoint such officers and employees as it considers necessary for the efficient performance of the functions of the Corporation 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 Chairman, ¹[the Vice-Chairman,] the managing director or to any other officer or employee of the Corporation, subject to such conditions and limitations, if any, as may be specified, such of its powers and duties under this Act, except the power to make regulations, as it may deem necessary.

(3) The Board in respect of reservation of appointments and posts in favour of the members of scheduled castes/scheduled tribes, backward classes, ex-servicemen, physically handicapped and antyodaya families, comply with such directions as may be issued by the State Government from time to time for ensuring adequate representation in such members in the service under the Corporation.

CHAPTER-IV FUNCTIONS AND FUNDS OF THE CORPORATION

16. Functions of Corporation.- (1) Subject to the provisions of the Act, it shall be the primary duty of the Corporation to undertake the task of economic uplift of the members of the scheduled castes ²[and the scheduled tribes] in the State.

(2) Without prejudice to the generality of the foregoing provision, such function shall include the power-

- (i) to plan, promote, undertake, and assist programmes of agricultural development, animal husbandry, marketing, processing, supply and storage of agricultural produce, small

1. The words and sign "the Vice-Chairman," inserted vide H.P. Act No. 28 of 1979, the words "the Vice-Chairman" omitted vide Act No. 8 of 1984 and again inserted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.
2. Inserted vide H.P. Act No. 8 of 1984.

scale industries, village industries, cottage industries, and such other trade, business or activity which will enable ¹[the members of the scheduled castes or the scheduled tribes] to earn a better living and help them to improve their standard of living as may be approved in this behalf by the Government;

- (ii) to undertake programmes for setting up employment oriented industries, cottage and small scale industries etc. by providing technical know-how, managerial assistance, financial assistance and any other form of assistance which may be required in achieving the above objectives;
- (iii) to provide financial assistance to the members of ²[the scheduled castes and the scheduled tribes or the scheduled castes and the scheduled tribes organizations] by advancing to them loans and/or loan toward margin money for any of the purposes specified above either directly or through such agency, organization or institution as may be approved by the Board;
- (iv) to guarantee loans taken by the members of ³[the scheduled castes and the scheduled tribes or the scheduled castes and the scheduled tribes organizations] from any financial/ banking institutions;
- (v) to act as the agent of the Government of Himachal Pradesh or Central Government for procurement, supply and distribution of agricultural or other produce or other goods as and when required to do so;
- (vi) to provide facilities for survey, research or study the problems relating to cottage and village industries, small scale business to assess potentiality of village, cottage and small scale industries and scope of their development with a view to promoting such industries and business for the purpose of providing employment for the members of the scheduled castes ⁴[and the scheduled tribes];
- (vii) to arrange for publicity and marketing of the finished products manufactured by the ⁵[the scheduled castes and the

1. Substituted for the words "the member of scheduled castes" vide H.P. Act No. 8 of 1984.
2. Substituted for the words "scheduled castes or scheduled castes organizations" vide H.P. Act No. 8 of 1984.
3. Substituted for the words "scheduled castes or scheduled castes organizations" vide H.P. Act No. 8 of 1984.
4. Inserted vide H.P. Act No. 8 of 1984.
5. Substituted for the words "scheduled castes or scheduled castes organizations" vide H.P. Act No. 8 of 1984.

scheduled tribes or the scheduled castes and the scheduled tribes organizations] in the small scale industries;

- (viii) to give grants and subsidies to the members of ¹[the scheduled castes and the scheduled tribes or the scheduled castes and the scheduled tribes organizations] on behalf of the State or Central Government or any other Government institution;
- (ix) to borrow money subject to such conditions as the Board may specify;
- (x) to receive gifts, grants and donations.
- (xi) to issue bonds and debentures;
- (xii) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, hundies, bills, warrants, debentures and other negotiable instruments;
- (xiii) to invest or deposit surplus funds of the Corporation in Government securities or in such other manner as the Board may decide;
- (xiv) to enter into contracts; and
- (xv) to discharge such other functions as may be prescribed or as are supplemental, incidental or consequential to any of the functions conferred on it under this Act.

²[16-A. Conferment of additional functions on the Corporation.-

(1) Notwithstanding anything contained in this Act, the Governor may, after consultation with the Corporation, entrust either conditionally or unconditionally to the Corporation or its officers additional functions in relation to the social security or social insurance or uplift of the weaker sections of the society in the State.

(2) The Governor may, by order in writing and after consultation with the Corporation, confer on the Corporation such powers of supervisory nature over agencies, authorities or officers set up, constituted or appointed by the State Government as are necessary for providing social security or social insurance and uplift of the weaker sections of the society in the State.

(3) When any additional functions are conferred on the Corporation under sub-section (1), the Corporation shall exercise the same powers, discharge same duties and perform the same functions, as it would have exercised in discharge of duties and performance of functions assigned to it under section 16 and the provisions of this Act shall apply accordingly.

1. Substituted for the words "scheduled castes or scheduled castes organizations" vide H.P. Act No. 8 of 1984.

2. Section 16-A inserted vide H.P. Act No. 16 of 1991, effective from 10th July, 1991.

(4) Where by virtue of this section powers and duties had been conferred or imposed upon the Corporation, or officers or authorities thereof, there shall be paid by the State Government to the Corporation such sum as may be agreed in respect of any extra costs of administration incurred by the Corporation in connection with the exercise of those powers and duties.]

17. Corporation to maintain ¹[seven] funds.- The Corporation shall establish and maintain ²[seven] separate funds, namely,-

- (a) Development and Finance Fund;
- (b) Guarantee Fund;
- (c) Bad Debts Fund;
- (d) Relief and Common Good Fund;
- (e) Grant-in-aid and Subsidies Fund; ³[***]
- (f) Loans Fund ⁴[; and]
- ⁵[(g) Additional Functions Fund.]

18. Land Development and Finance Fund.- Save as otherwise provided in sections 19, 20, 21, ⁶[22, 23 and 23-A]-

- (1) to the Development and Finance Fund shall be credited all amounts that are received by the Corporation from any source whatsoever;
- (2) all amounts that are expended by the Corporation shall be debited to this Fund.

19. Guarantee Fund.- (1) To the Guarantee Fund shall be credited every year such sum as may be placed at the disposal of the Corporation for that purpose by the State Government and the interest accrued from time to time on such sum shall also be added every year to this Fund.

(2) The Corporation may also contribute to this Fund such portion of its net profits as may be decided by the Board.

20. Bad Debts Fund.- To the Bad Debts Fund shall be credited every year-

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1. Substituted for the word "six" vide H.P. Act No. 16 of 1991, effective from 10th July, 1991.
 2. Substituted for the word "six" vide H.P. Act No. 16 of 1991, effective from 10th July, 1991.
 3. Omitted the word "and" vide H.P. Act No. 16 of 1991, effective from 10th July, 1991.
 4. Substituted for the sign "." vide H.P. Act No. 16 of 1991, effective from 10th July, 1991.
 5. Clause (g) added vide H.P. Act No. 16 of 1991 effective from 10th July, 1991.
 6. Substituted for the figures and word "22 and 23" vide H.P. Act No. 16 of 1991, effective from 10th July, 1991.

- (a) by the Corporation ten percentum of its net profits; and
- (b) by the State Governments such amount as grant as may be equivalent to the amount credited under clause (a):

Provided that nothing herein shall be deemed to debar the State Government from giving such amount by way of additional grant for being credited to this Fund as it may think fit.

21. Relief and Common Good Fund.- To the Relief and Common Good Fund shall be credited every such amount not exceeding eight and half percentum of the net profits of the Corporation as the Board may decide.

22. Grant-in-aid and Subsidies Fund.- All amounts that are received by the Corporation from any source by way of grant-in-aid or subsidy shall be credited to this Fund and it shall be used by the Corporation for the purposes for which such grants-in-aid or the subsidies , as the case may be, have been given.

23. Loan Fund.- All the loan obtained by the Corporation from the various sources financial institutions shall be credited to this Fund and shall be spent for the purpose for which such loans have been obtained.

¹[**23-A. Additional Functions Fund.-** All amounts that are received by the Corporation from the State Government or from any other source for the performance of the additional functions assigned to it under section 16-A, shall be credited to this fund and it shall be used by the Corporation for the purpose for which such amount has been provided.]

CHAPTER-V

LOANS

24. Power to impose conditions for loans.- In making any loan or providing margin money authorized by this Act, the Corporation may impose such conditions as it may think necessary or expedient for protecting the interests of the Corporation:

Provided that the rate of interest chargeable on such loans/margin money, shall be fixed by the Corporation with the approval of the State Government from time to time.

25. Power to call repayment before agreed period.- Notwithstanding anything to the contrary contained in any agreement, the Corporation may, by notice in writing, require any debtor to discharge forthwith in full his liabilities to the Corporation-

- (a) if it appears to the Board that any false or misleading information or particular was given in the application for loan/margin money;

1. Section 23-A inserted vide H.P. Act No. 16 of 1991, effective from 10th July, 1991.

- (b) if the debtor has failed to comply with any of the terms of the agreement entered into by him with the Corporation;
- (c) if there is a reasonable apprehension that the debtor is unable to pay the money due from him; or
- (d) if for any other reason it is necessary to do so to protect the interest of the Corporation.

26. Recovery of money due to the Corporation.- (1) Where any amount is due to the Corporation from any person including the surety of a debtor, in respect of loans or advances or other financial accommodation granted by it, such amount shall, on a certificate being granted by the managing director in the prescribed form, be recoverable as arrears of land revenue by the Collector of the district in which the person from whom the amount is due resides or carries on business or owns any property.

(2) The certificate by the managing director under sub-section (1) shall be final and conclusive and shall not be called in question before any authority or court.

(3) For the purpose of recovering any amount due to the Corporation in respect of a loan it shall not be necessary to proceed against the principal debtor before proceeding against the surety.

¹**[26-A. Recovery of certain dues of banks as arrears of land revenue.-** (1) Where a bank, on an application sponsored by the Corporation has, under the tie up arrangements with the Corporation, advanced loan to a person and such person-

- (i) makes any default in repayment of loan or advance including interest, or any instalment thereof; or
- (ii) having become liable either under the conditions of the grant of loan or under section 25, makes any default in the refund or repayment of such loans or any portion thereof; or
- (iii) otherwise fails to comply with the terms of the agreement;

then a bank or its authorized officer, by whatever name called, may send a certificate in the form given in the schedule to the Collector mentioning the sum due from such person and requesting that such sum, together with interest accrued upto the date of recovery alongwith the collection charges, be recovered as if it were an arrear of land revenue.

(2) A certificate sent under sub-section (1) shall be conclusive proof of the matter stated therein and the Collector on receiving such certificate shall proceed to recover the amount stated therein as an arrear of land revenue.

(3) Nothing in this section shall,-

1. Sections 26-A and 26-B inserted vide H.P. Act No. 8 of 1984.

- (a) affect any interest of the State Government, a banking company, a corporation or a Government company in any property created by any mortgage, charge, pledge or other encumbrance; or
- (b) bar a suit or affect any right or remedy against any person referred to in sub-section (1), in respect of a contract of indemnity or guarantee entered in relation to an agreement under this Act or the rules framed thereunder or in respect of any interest referred to in clause (a) of this sub-section.

26-B. Collection charges.- A bank availing the services of the Collector under section 26-A, shall pay collection charges to the Government at such rates as may from time to time be notified by the State Government in the Official Gazette.]

¹[**27. Charge of Corporation on debtor's property.-** Notwithstanding anything contained in any law for the time being in force, but subject to the provisions in any law made by the Parliament relating to priority of charges and to any prior claim of a bank or of the Government in respect of land revenue or any money recoverable by it as arrears of land revenue, ²[the dues of the Corporation as determined in section 26 and of the bank as determined in section 26-A] together with interest accrued thereon and cost of recovery shall be the first charge on the property of the debtor and the guarantor, if any].

CHAPTER-VI

ACCOUNTS AND AUDIT

28. Accounts.- (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 thirty-first day of March each year.

29. Audit.- (1) The accounts of the Corporation shall be audited once in every financial year, by auditors duly qualified to act as auditor under sub-section (1) of section 226 of the Companies Act, 1956 (1 of 1956), who shall be appointed by the Board and shall receive such remuneration from the Corporation as the Board may fix.

(2) The auditors shall be supplied with a copy of the annual balance-sheet and the profit and loss account of the Corporation and it shall be their duty to examine them together with the accounts and vouchers relating thereto, and they shall have a list delivered to them of all books kept by the Corporation and shall at all reasonable times have access to the books,

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1. Section 27 substituted vide H.P. Act No. 28 of 1979, effective from 20th September, 1979.
 2. Substituted for the words "the dues of the Corporation as determined under the preceding section of this Act" vide H.P. Act No. 8 of 1984.

accounts and other documents of the Corporation and may require from any director or officer of the Corporation such information as the auditors may think necessary for the performance of their duties as auditors.

(3) The auditors shall make a report to the Corporation upon the annual balance-sheet and accounts examined by them and in every such report they shall state whether, in their opinion, the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the Corporation.

(4) The Corporation shall furnish to the State Government, within four months from the date on which its accounts are closed and balanced, a copy of its balance-sheet and accounts together with a copy of the auditor's report, and a report on the working of the Corporation during the relevant year.

(5) Without prejudice to anything contained in the preceding sub-sections, the accounts of the Corporation as and when it is considered necessary and expedient to do so in public interest, may also be audited by an agency specifically authorized in this behalf by the State Government from time to time and any expenditure incurred by it in connection with such examination and report shall be payable by the Corporation to such agency.

¹[**29-A. Laying of the annual and audit reports before the State Legislative Assembly.**- The State Government shall, as soon as may be after the annual and audit reports in relation to the working of the Corporation are furnished to it by the Corporation under sub-section (4) of section 29, but within a period of nine months computed from the close of the financial year to which such reports pertain, cause the said annual and audit reports to be laid before the State Legislative Assembly.]

CHAPTER-VII

MISCELLANEOUS

30. Dissolution of Board.- (1) No provision of law other than this Act, relating to the winding up, dissolution or liquidation of the companies or corporations shall apply to the Corporation.

(2) The State Government may, if the Corporation exceeds its powers or upon receipt of report under section 29, call upon the Board to show cause why it should not be dissolved, and if no explanation is offered within the specified period, or if the State Government is not satisfied with the explanation, it may dissolve the Board from such date as may be specified.

31. Consequences of dissolution of the Board.- (1) When the Board is dissolved under section 30-

- (i) all directors shall, from the date of dissolution, vacate their offices;

1. Section 29-A inserted vide H.P. Act No. 8 of 1984.

- (ii) all powers and duties of the Board shall, during the period of dissolution, be exercised and performed by such person or persons as the State Government may appoint in this behalf;
- (iii) all funds and other property vested in the Corporation shall during the period of dissolution, vest in the State Government.

(2) The Government may, in its discretion, reconstitute the Board after such period as it may think fit.

32. Bar of jurisdiction.- Save as otherwise expressly provided in this Act, no civil court shall have jurisdiction to entertain any suit or proceedings in respect of any matter which the Corporation or any officer or authority appointed under this Act is empowered by or under this Act to determine, and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

33. Protection of action taken in good faith.- No suit or other legal proceedings shall lie against the Corporation or any director including the managing director, or any officer or employee or any other person authorized 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.

34. Employees to be public servants.- The managing director and other employees of the Corporation shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

35. Indemnity of directors.- (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 willful act or default.

(2) A director shall not be responsible for any other director, or for any officer or other employee, of the Corporation or for any loss or expenses resulting to the Corporation from 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 anything done in good faith, in the execution of the duties of his office or in relation thereto.

36. Exemption from registration fee and stamp duty.- All instruments executed by or on behalf of the Corporation in relation to the discharge of its functions shall be exempted from payment of stamp duty and registration fee:

Provided that exemption from payment of stamp duty shall apply in the case of such instruments only as are specified in Schedule 1-A to the Indian Stamp Act, ¹[1899] (2 of ²[1899]).

1. Substituted for "1889" vide H.P. Act No. 28 of 1979.
2. Substituted for "1889" vide H.P. Act No. 28 of 1979.

37. Power to make regulations.- (1) Subject to the rules made by the State Government under section 38, the Board may make regulations not inconsistent with this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for-

- (a) the time and place of meetings of the Board and the procedure to be followed in relation to such meetings including the quorum necessary for the transaction of business;
- (b) the conditions which the Corporation may impose in granting loans or entering into other arrangements;
- (c) the rate of interest on loans;
- (d) duties which the managing director shall perform;
- (e) the duties, conduct, salary, allowances and conditions of service of officers and other employees of the Corporation;
- (f) the delegation of powers and functions to the officers and employees of the Corporation;
- (g) the establishment and maintenance of provident and other benefit funds for the officers and employees of the Corporation;
- (h) generally, the efficient conduct of the affairs of the Corporation;
- (i) all matters expressly required or allowed by the Act to be prescribed by regulations.

38. Power to make rules.- (1) The Government may, by notification, make rules to carry out all or any of the purposes of this Act.

(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,-

- ¹[(a) the conditions of the appointment of the Chairman ²[, the Vice-Chairman] and other directors and fees and allowances payable to them;]
- (b) the form in which certificate shall be issued by the managing director;
- (c) the form and manner in which accounts shall be maintained, and the balance sheet and profit and loss account shall be prepared;

1. Clause (a) substituted vide H.P. Act No. 8 of 1984.

2. Inserted vide H.P. Act No. 7 of 1987, effective from 12th February, 1987.

(d) 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 the Legislative Assembly while it is in session for a total period of ten days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the section in which it is so laid or the successive sessions aforesaid the Assembly makes any modification in the rule or decides 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 modifications or annulment shall be without prejudice to the validity of anything previously done under that rule.

39. Power to remove difficulties.- If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order published in the Official Gazette, 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 such difficulty.

¹[SCHEDULE

[See section 2 (kk) and section 26-A]

OFFICE OF THE MANAGER/MANAGING DIRECTOR

.....

Certified-

- (1) that a sum of Rs. has been granted to Shri/Smt. r/o Tehsil District for
- (2) that further a sum of Rs. has become recoverable from the said loanee by way of interest chargeable at the rate of
- (3) that the said Shri/Smt. has/have not refunded either the principal or the interest recoverable from him/her and is reluctant to do so; and
- (4) that the total sum of Rs. (Rupees as principal and Rs. as Interest) has become recoverable from him/her;

Now, therefore, it is requested that the said sum of Rs. (Rupees) along with the collection charges may kindly be recovered as arrears of land revenue

1. Schedule inserted vide H.P. Act No. 8 of 1984.

under section 26-A of the Himachal Pradesh Scheduled Castes and
Scheduled Tribes Development Corporation Act, 1979.

Manager/Managing Director,
..... Bank.

To

The Collector,
..... District.]
