

## **Industries (Development and Regulation) Amendment Act, 1984**

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### **INDEX**

1	Short title and Commencement
2	Amendment of section 3 of Act 65 of 1951
3	Insertion of new section 11B
4	Amendment of section 24
5	Amendment of section 29B
6	Validation
7	Repeal and saving

### **Industries (Development and Regulation) Amendment Act, 1984** **An Act further to amend the Industries ( Development and Regulation ) Act, 1951.**

**BE it enacted by Parliament in the Thirty-fifth Year of the Republic of India as follows :-**

**1 . Short title and Commencement.-** (1) This Act may be called the Industries ( Development and Regulation ) Amendment Act, 1984.

(2) It shall be deemed to have come into force on the 12th day of January, 1984.

**2 . Amendment of section 3 of Act 65 of 1951.-** In section 3 of the Industries ( Development and Regulation ) Act, 1951 (hereinafter referred to as the principal Act ), -

(I) clauses (aa) and (ab) shall be re-lettered as clauses ( ab) and (ac) respectively, and before clause, (ab) as so re-lettered, the following clause shall be inserted, namely :-

'(aa) "ancillary industrial undertaking" means an industrial undertaking which, in accordance with the proviso to sub-section (1) of section 11B and the requirements specified under that sub-section, is entitled to be regarded as an ancillary industrial under taking for the purposes of this Act;'

(ii) clause (j) shall be re-lettered as clause (k), and before clause (k) as so re-lettered, the following clause shall be inserted, namely :-

'(j) "small scale industrial undertaking" means an industrial undertaking which, in accordance with the requirements specified under sub-section (1) of section 11 B, is entitled to be regarded as a small scale industrial undertaking for the purposes of this Act;'

**3 . Insertion of new section 11B.-** After section 11A of the Principal Act, the following section shall be inserted, namely :-

"11B. Power of Central Government to specify the requirements which shall be complied with by small scale industrial undertakings.- (1) The Central Government may, with a view to ascertaining which ancillary and small scale industrial undertakings need supportive measures, exemptions or other favourable treatment under this Act to enable them to maintain their viability and strength and so as to be effective in-

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

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

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

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

(I) the manufacture of parts, components, sub-assemblies, toolings or intermediates; or

(ii) rendering of services, or supplying or rendering, not more than fifty per cent. of its production or its total services, as the case may be, to other units for production of other articles.

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

(a) the investment by the industrial undertaking in -

(i) plant and machinery, or

(ii) land, buildings, plant and machinery;

(b) the nature of ownership of the industrial undertaking;

(c) the smallness of the number of workers employed in the industrial undertaking;

(d) the nature cost and quality of the product of the industrial undertakings

(e) foreign exchange, if any, required for the import of any plant or machinery by the industrial undertaking; and

(f) such other relevant factors as may be prescribed.

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

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

**4 . Amendment of section 24.-** In section 24 of the principal Act, in sub-section (1), in clause (I), for the words, brackets, figures and letter "sub-section (2) of section 29B", the words, brackets, figures and letters "sub-sections (2), (2A), (2D), (2F) and (2G) of section 29B" shall be substituted.

**5 . Amendment of section 29B.-** In section 29B of the principal Act, after sub-section (2), the following sub-sections shall be inserted, namely :-

'(2A) In particular, and without prejudice to the generality of the provisions of sub-section (1), the Central Government may, if it is satisfied, after considering the recommendations made to it by the Advisory Committee constituted under sub-section (2B), that it is necessary so to do for the development and expansion of ancillary, or small scale, industrial undertakings, by notified order, direct that any article or class of articles specified in the First Schedule shall, on and from such date as may be specified in the notified order ( hereafter in this section referred to as the "date of reservation"), be reserved for exclusive production by the ancillary, or small scale, industrial undertakings ( hereafter in this section referred to as "reserved article").

(2B) The Central Government shall, with a view to determining the nature of any article or class of articles that may be reserved for production by the ancillary, or small scale, industrial undertakings, constitute an Advisory Committee consisting of such persons as have, in the opinion of that Government, the necessary expertise to give advice on the matter.

(2C) The Advisory Committee shall, after considering the following matters, communicate its recommendations to the Central Government, namely:-

- (a) the nature of any article or class of articles which may be produced economically by the ancillary, or small scale, industrial undertakings;
- (b) the level of employment likely to be generated by the production of such article or class of articles by the ancillary, or small scale, industrial undertakings;
- (c) the possibility of encouraging and diffusing entrepreneurship in industry;
- (d) the prevention of concentration of economic power to the common detriment; and
- (e) such other matters as the Advisory Committee may think fit.

(2D) The production of any reserved article or class of reserved articles by any industrial undertaking ( not being an ancillary, or small scale, industrial undertaking) which, on the date of reservation, is engaged in, or has taken effective steps for, the production of any reserved article or class of reserved articles, shall, after the commencement of the Industries ( Development and Regulation ) Amendment Act, 1984, or as the case may be, the date of reservation, which ever is later, be subject to such conditions as the Central Government may, be notified order, specify.

(2E) While specifying any condition under sub-section (2D), the Central Government may take into consideration the level of production of any reserved article or class of reserved articles achieved, immediately before the date of reservation, by the industrial undertaking referred to in sub-section (2D), and such other factors as may be relevant.

(2F) Every person or authority, not being the Central Government, who, or which, is registered under section 10 or to whom, or to which, a licence has been issued or permission has been granted under section 11 for the production of any article or class of articles which has, or have, been subsequently reserved for the ancillary, or small scale, industrial undertakings, shall produce, such registration certificate, licence or permission, as the case may be, within such period as the Central Government may, by notified order, specify in this behalf, and the Central Government may enter therein all or any of the conditions specified by it under sub-section (2D), including the productive capacity of the industrial undertakings and other prescribed particulars.

(2G) The owner of every industrial undertaking ( not being an ancillary, or small scale, industrial undertaking ) which, immediately before the commencement of the Industries ( Development and Regulation ) Amendment Act, 1984, or the date of reservation, whichever is later,-

- (a) was engaged in the production of any article or class of articles, which has, or have, been reserved for the ancillary, on small scale, industrial undertakings, or
- (b) had before such commencement or before the date of such reservation, as the case may be, taken effective steps for commencing the production of such reserved article or class of reserved articles,

without being registered under section 10 or in respect of which a licence or permission has not been issued under section 11, shall refrain from the production of such reserved article or class of reserved articles, on and from the date of expiry of three months from such commencement or from the date of such reservation, whichever is later.

(2H) Every notified order made under sub-section (2A) shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the notified order or both Houses agree that the notified order should not be made, the notified order shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that notified order.'

**6 . Validation.-** Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority and notwithstanding anything contained in any other law, agreement or other instrument for the time being in force, every notification made or purporting to have been made by the Central Government under the principal Act, on or after the 19th day of February, 1970, reserving any article or class of articles for production by any ancillary, or small scale, industrial undertaking or any class of ancillary, or small scale, industrial undertaking shall, for all purposes, be, and shall be deemed always to have been, as valid and effective as if the amendments made to the principal Act by this Act had been in force at all material times and such notification had been made in full compliance with the provisions made by such amendments and accordingly any reservation made or purporting to have been made by such notification shall, in accordance with the tenor thereof, have, and be deemed always to have had, effect on and from the date of such reservation and shall, until it is altered or superseded by any fresh notification under the principal Act as amended by this Act, continue to have effect.

Explanation.- For the removal of doubts it is hereby provided that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

**7 . Repeal and saving.-** (1) The Industries ( Development and Regulation ) Amendment Ordinance, 1984, is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.