The Textile Undertakings (Nationalisation) Act, 1995

(ACT NO. 39 OF 1995)

(*As on the* 1st *June*, 2026)

LIST OF ABBREVIATIONS USED

G.S.R.	*for*	General Statutory Rules.
S.O	,,	Statutory Order.
Notifn.	,,	Notification.

THE TEXTILE UNDERTAKINGS (NATIONALISATION) ACT, 1995

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THE TEXTILE UNDERTAKINGS (NATIONALISATION) ACT, 1995

ACT NO. 39 OF 1995

[8*th 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 (40 of 1983) or under section 3 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 (98 of 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

1. Short title and commencement.—(*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.

2. Definitions.—(*1*) In this Act, 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 (40 of 1983) or under section 4 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 (98 of 1976), as the case may be;

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

(*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 (40 of 1983) or under the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 (98 of 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 provisions of this Act;

(*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;

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

(*l*) "textile company" means a company (being a company as defined in the Companies Act, 1956) (1 of 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;

(*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 (40 of 1983), or as the case may be, under the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 (98 of 1976).

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

CHAPTER II

ACQUISITION AND TRANSFER OF THE TEXTILE UNDERTAKINGS

3. Acquisition of rights of owners and vesting of the textile undertakings.—(*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 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. General effect of vesting.—(*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 manneras 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 interest, 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.

(*7*) Any person who, on the date on which the Textile Undertakings (Nationalisation) Ordinance, 1995 (Ord. 6 of 1995) 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 or such other person as the Central Government or the National Textile Corporation, as the case may be, may specify in this behalf.

5. Owner to be liable for certain prior liabilities.—(*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.

(*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 (40 of 1983) or as the case may be, under section 3 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 (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 (40 of 1983), or as the case may be, under section 3 of the Laxmirattan and Atherton West Cotton Mills (Taking Over of management) Act, 1976 (98 of 1976)] by the National Textile Corporation or by a State Textile Corporation, or by both, together with interest due thereon;

(*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.

6. Transfer of any textile undertaking or part thereof to a subsidiary textile Corporation.— (*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. Shares to be issued by the National Textile Corporation for the value of the assets transferred to it by the Central Government.—(*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.

(*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. Payment of amount to owners of textile undertakings.—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.

9. Payment of further amount.—(*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 (40 of 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 (98 of 1976) for the period commencing on the appointed day and ending on the date on which the Textile Undertakings (Nationalisation) Ordinance, 1995 (Ord. 6 of 1995) was promulgated.

(*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 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

10. Management, etc., of textile undertakings.—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.

11. Special provision for disposal of assets of the textile undertakings in certain circumstances.—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 utilised for any purpose other than the purpose for which the sanction of the Central Government has been obtained.

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

13. Accounts.—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

14. Employment of certain employees to continue.—(*1*) Every person who is a workman within the meaning of the Industrial Disputes Act, 1947 (14 of 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 other matters as would have been admissible to him if the rights in relation to such textile undertaking had not been transferred to, and vested in, the National Textile Corporation, and shall continue to do so unless and until his employment in the National Textile Corporation is duly terminated or until his remuneration, terms and conditions of employment are duly altered by the National Textile Corporation.

(*2*) Every person who is not a workman within the meaning of the Industrial Disputes Act, 1947 (14 of 1947), and who has been, immediately before the appointed day, in the employment of a textile undertaking shall, in so far as such person is employed in connection with the textile undertaking which has vested in the National Textile Corporation, become, as from the appointed day, an employee of the National Textile Corporation and shall hold his office or service therein by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension and gratuity and other matters as he would have held the same under the textile undertaking if it had not vested in the National Textile Corporation and shall continue to do so unless and until his employment in the National Textile Corporation is duly terminated or until his remuneration, terms and conditions of employment are duly altered by the National Textile Corporation.

(*3*) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or in any other law for the time being in force, the transfer of the services of any officer or other employee of a textile undertaking to the National Textile Corporation shall not entitle such officer or other employee to any compensation under this Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

(*4*) Where, under the terms of any contract of service or otherwise, any person whose services become terminated or whose services become transferred to the National Textile Corporation by reason of the provisions of this Act is entitled to any arrears of salary or wages or any payment for any leave not availed of or other payment, not being payment by way of gratuity or pension, such person may, except to the extent such liability has been taken over by the Central Government under section 5, enforce his claim against the owner of the textile undertaking but not against the Central Government or the National Textile Corporation.

15. Provident and other funds.—(*1*) Where the owner of a textile undertaking has established a provident fund, superannuation, welfare or other fund for the benefit of the persons employed in such

textile undertaking, the monies relatable to the employees, whose services have become transferred by or under this Act to the National Textile Corporation shall, out of the monies standing, on the appointed day, to the credit of such provident fund, superannuation, welfare or other fund, stand transferred to, and shall vest in, the National Textile Corporation.

(*2*) The monies which stand transferred, under sub-section (*1*), to the National Textile Corporation shall be dealt with by that Corporation in such manner as may be prescribed.

16. Transfer of employees to a subsidiary textile corporation.—Where any textile undertaking or any part thereof is transferred under this Act to a subsidiary textile corporation, every person referred to in sub-section (*1*) and sub-section (*2*), of section 14 shall, on and from the date of such transfer, become an employee of the subsidiary textile corporation, and the provisions of sections 14 and 15 shall apply to such employee as they apply to an employee of the National Textile Corporation as if references in the said sections to the National Textile Corporation were references to the subsidiary textile corporation.

CHAPTER VI

COMMISSIONERS OF PAYMENTS

17. Appointment of Commissioners of Payments.—(*1*) For the purpose of disbursing the amounts payable to the owner of each textile undertaking, the Central Government shall, by notification in the Official Gazette,—

(*a*) appoint such number of persons as it may think fit to be Commissioners of Payments; and

(*b*) define the local limits within which the Commissioners of Payments shall exercise the powers conferred, and perform the duties imposed, on them by or under this Act.

(*2*) The Central Government may appoint such other persons at it may think fit to assist the Commissioner and thereupon the Commissioner may authorise one or more of such persons also to exercise all or any of the powers exercisable by him under this Act, and different persons may be authorised to exercise different powers.

(*3*) Any person authorised by the Commissioner to exercise any powers may exercise those powers in the same manner and with the same effect as if they have been conferred on that person directly by this Act and not by way of authorisation.

(*4*) The salaries and allowances of the Commissioner and other persons appointed under this section shall be defrayed out of the Consolidated Fund of India.

(*5*) References in this Act to the Commissioner shall, where more than one Commissioner has been appointed, be construed as references to the Commissioner in relation to the textile undertaking within the local limits of the jurisdiction specified under clause (*b*) of sub-section (*1*).

18. Payment by the Central Government to the Commissioner.—(*1*) The Central Government shall, within thirty days from the specified date, pay in cash to the Commissioner, for payment to the owner of a textile undertaking, an amount equal to the amount specified against the textile undertaking in the First Schedule and shall also pay to the Commissioner such sums as may be due to the owner of a textile undertaking under sub-sections (*1*) and (*2*) of section 9.

(*2*) In relation to the textile undertakings, the management of which was taken over by the Central Government under the Textile Undertakings (Taking Over of Management) Act, 1983 (40 of 1983), there shall be paid by the Central Government [in addition to the amount referred to in sub-section (*1*)], to the Commissioner, in cash, such amount payable under section 5 of that Act as remains unpaid in relation to the period commencing on the date on which such management was taken over by the Central Government and ending on the appointed day.

(*3*) In relation to the textile undertakings, the management of which was taken over by the Central Government under the Laxmirattan and Atherton West Cotton Mills (Taking Over of Management) Act, 1976 (98 of 1976), there shall be paid by the Central Government [in addition to the amount referred to in

sub-section (*1*)], to the Commissioner, in cash, such amount payable under section 5 of that Act as remains unpaid in relation to the period commencing on the date on which such management was taken over by the Central Government and ending on the appointed day.

(*4*) A deposit account shall be opened by the Central Government, in favour of the Commissioner, in the Public Account of India, and every amount paid under this Act to the Commissioner shall be deposited by him to the credit of the said deposit account in the Public Account of India, and thereafter the said deposit account shall be operated by the Commissioner.

(*5*) Separate records shall be maintained by the Commissioner in respect of each textile undertaking in relation to which payments have been made to him under this Act.

(*6*) Interest accruing on the amounts standing to the credit of the deposit account referred to in sub-section (*4*) shall inure to the benefit of the owners of the textile undertakings.

19. Certain powers of the National Textile Corporation.—(*1*) The National Textile Corporation shall be entitled to receive, up to the specified date, to the exclusion of all other persons, any money due to the textile undertaking, realised after the appointed day, notwithstanding that the realisations pertain to a period prior to the appointed day.

(*2*) The National Textile Corporation may make a claim to the Commissioner with regard to every payment made by the Custodian after the appointed day but before the date on which the Textile Undertakings (Nationalisation) Ordinance, 1995 (Ord. 6 of 1995) was promulgated for discharging any liability of the owner of textile undertaking in relation to any period prior to the appointed day, and every such claim shall have priority, in accordance with the priorities attaching, under this Act, to the matter in relation to which such liability has been discharged by the Custodian.

(*3*) Save as otherwise provided in this Act, the liabilities in relation to a textile undertaking in respect of any period prior to the appointed day which have not been discharged by the Custodian shall be the liabilities of the owner of that textile undertaking.

20. Claims to be made to the Commissioner.—Every person having a claim against the owner of a textile undertaking shall prefer such claim before the Commissioner within thirty days from the specified date:

Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim within the said period of thirty days, he may entertain the claim within a further period of thirty days but not thereafter.

21. Priority of claims.—The claims arising out of the matters specified in the Second Schedule shall have priorities in accordance with the following principles, namely:—

(*a*) category I shall have precedence over all other categories and category II shall have precedence over category III and so on;

(*b*) the claims specified in each of the categories, except category IV, shall rank equally and be paid in full, but if the amount is insufficient to meet such claims in full, they shall abate in equal proportions and be paid accordingly;

(*c*) the liabilities specified in category IV shall be discharged, subject to the priorities specified in this section, in accordance with the terms of the secured loans and the priority, *inter se*, of such loans; and

(*d*) the question of payment of a liability with regard to a matter specified in a lower category shall arise only if a surplus is left after meeting all the liabilities specified in the immediately higher category.

22. Examination of claims.—(*1*) On receipt of the claims under section 20, the Commissioner shall arrange the claims in the order of priority specified in the Second Schedule and examine the same in accordance with the said order.

(*2*) If, on examination of the claims, the Commissioner is of the opinion that the amount paid to him under this Act is not sufficient to meet the liabilities specified in any lower category, he shall not be required to examine the liabilities in respect of such lower category.

23. Admission or rejection of claims.—(*1*) After examining the claims with reference to the priority set out in the Second Schedule, the Commissioner shall fix a certain date on or before which every claimant shall file the proof of his claim or be excluded from the benefit of the disbursement made by the Commissioner.

(*2*) Not less than fourteen days' notice of the date so fixed shall be given by advertisement in one issue of the daily newspaper in the English language and one issue of the daily newspaper in the regional language as the Commissioner may consider suitable, and every such notice shall call upon the claimant to file the proof of his claim with the Commissioner within the time specified in the advertisement.

(*3*) Every claimant who fails to file the proof of his claim within the time specified by the Commissioner shall be excluded from the disbursements made by the Commissioner.

(*4*) The Commissioner shall, after such investigation as may, in his opinion, be necessary and after giving the owner of the textile undertaking an opportunity of refuting the claim and after giving the claimants a reasonable opportunity of being heard, in writing, admit or reject the claim in whole or in part.

(*5*) The Commissioner shall have the power to regulate his own procedure in all matters arising out of the discharge of his functions including the place or places at which he may hold his sittings and shall, for the purpose of making any investigation under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908), while trying a suit, in respect of the following matters, namely:—

(*a*) the summoning and enforcing the attendance of any witness and examining him on oath;

(*b*) the discovery and production of any document or other material object producible as evidence;

(*c*) the reception of evidence on affidavits; and

(*d*) the issuing of any commission for the examination of witnesses.

(*6*) Any investigation before the Commissioner shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code (45 of 1860) and the Commissioner shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of 1974).

(*7*) A claimant who is dissatisfied with the decision of the Commissioner may prefer an appeal against the decision to the principal civil court of original jurisdiction within the local limits of whose jurisdiction the textile undertaking is situated:

Provided that where a person who is a Judge of a High Court is appointed to be the Commissioner, such appeal shall lie to the High Court for the State in which the textile undertaking is situated, and such appeal shall be heard and disposed of by not less than two Judges of that High Court.

24. Disbursement of money by the Commissioner to claimants.—After admitting a claim under this Act, the amount due in respect of such claim shall be credited by the Commissioner to the relevant fund or be paid to the person or persons to whom such sums are due and on such credit or payment the liability of the owner in respect of such claim shall stand discharged.

25. Disbursement of amount to the owners.—(*1*) If, out of the monies paid to him in relation to a textile undertaking, there is a balance left after meeting the liabilities as specified in the Second Schedule, the Commissioner shall disburse such balance to the owner of such textile undertaking.

(*2*) Before making any payment to the owner of any textile undertaking under sub-section (*1*), the Commissioner shall satisfy himself as to the right of such person to receive the whole or any part of such amount, and in the event of there being a doubt or dispute as to the right of the person to receive the whole or any part of the amount referred to in sections 8 and 9, the Commissioner shall refer the matter to the court and make the disbursement in acco that court.

(*3*) For the removal of doubts, it is hereby declared that the entries in column (3) of the First Schedule shall not be deemed to be conclusive as to the right, title and interest of any person in relation to any textile undertaking specified in the corresponding entries in column (2) of the said Schedule and evidence shall be admissible to establish the right, title and interest of any person in relation to such textile undertaking.

(*4*) Where any machinery, equipment or other property in a textile undertaking has vested in the National Textile Corporation, but such machinery, equipment or other property does not belong to the owner of such textile undertaking, the amount specified in column (4) of the First Schedule against such textile undertaking shall, on a reference made to it by the Commissioner, be apportioned by the court between the owner of such textile undertaking and the owner of such machinery, equipment or other property having due regard to the value of such machinery, equipment or other property on the appointed day.

Explanation.—In this section, "court", in relation to a textile undertaking, means the principal civil court of original jurisdiction within the local limits of whose jurisdiction the textile undertaking is situated.

26. Undisbursed or unclaimed amounts to be deposited to the general reserve account.—Any money paid to the Commissioner which remains undisbursed or unclaimed for a period of three years from the last day on which the disbursement was made, shall be transferred by the Commissioner to the general revenue account of the Central Government; but a claim to any money so transferred may be preferred to the Central Government by the person entitled to such payment and shall be dealt with as if such transfer had not been made, the order, if any, for payment of the claim being treated as an order for the refund of revenue.

CHAPTER VII

MISCELLANEOUS

27. Assumption of liability.—(*1*) Where any liability of the owner of a textile undertaking arising out of any item specified in category I of the Second Schedule is not discharged fully by the Commissioner out of the amount paid to him under this Act, the Commissioner shall intimate in writing to the Central Government the extent of the liability which remains undischarged, and that liability shall be assumed by the Central Government.

(*2*) The Central Government may, by order, direct the National Textile Corporation to take over any liability assumed by that Government under sub-section (*1*), and on receipt of such direction, it shall be the duty of the National Textile Corporation to discharge such liability.

28. Management to continue to vest in the Custodian until alternative arrangements are made.—Notwithstanding the vesting, under this Act, of a textile undertaking in the National Textile Corporation,—

(*a*) the Custodian who has been managing the affairs of such undertaking before the date on which the Textile Undertakings (Nationalisation) Ordinance, 1995 (Ord. 6 of 1995) was promulgated shall, until alternative arrangements have been made by the National Textile Corporation, continue to manage the affairs of such undertakings as if the Custodian had been authorised by the National Textile Corporation to manage the affairs of such undertaking; and

(*b*) the Custodian or any person authorised by him for this purpose shall, until alternative arrangements have been made by the National Textile Corporation, continue to be authorised to operate, in relation to the textile undertaking, any account of such undertaking in a bank as if such Custodian or the person authorised by the Custodian had been authorised by the National Textile Corporation to operate such account.

29. Act to override all other enactments.—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act or in any decree or order of any court, tribunal or authority.

30. Contracts to cease to have effect unless ratified by the National Textile Corporation.—(*1*) Every contract entered into by the owner or occupier of any textile undertaking for any service, sale or supply and in force immediately before the appointed day shall, on and from the expiry of one hundred and twenty days from the date on which the Textile Undertakings (Nationalisation) Ordinance, 1995 (Ord. 6 of 1995) was promulgated, cease to have effect unless such contract is before the expiry of that period, ratified, in writing, by the National Textile Corporation and in ratifying such contract the National Textile Corporation may make such alterations or modifications therein as it may think fit:

Provided that the National Textile Corporation shall not omit to ratify a contract, and shall not make any alteration or modification in a contract, unless it is satisfied that such contract is unduly onerous or has been entered into in bad faith or is detrimental to the interests of the textile undertaking.

(*2*) The National Textile Corporation shall not omit to ratify a contract or make any alteration or modification therein except after giving to the parties to the contract a reasonable opportunity of being heard and except after recording in writing its reasons for refusal to ratify the contract or for making any alteration or modification therein.

31. Penalties.—Any person who,—

(*a*) having in his possession, custody or control any property forming part of a textile undertaking, wrongfully withholds such property from the Central Government or the National Textile Corporation, or any person authorised by that Government or Corporation, as the case may be, in this behalf, or

(*b*) wrongfully obtains possession of, or retains, any property forming part of the textile undertaking or wilfully withholds or fails to furnish to the Central Government, the National Textile Corporation or any person specified by that Government, or Corporation, as the case may be, any document relating to such textile undertaking which may be in his possession, custody or control or fails to deliver to the National Textile Corporation or any person specified by that Corporation any assets, books of account, registers or other documents in his custody relating to the textile undertaking, or

(*c*) wrongfully removes or destroys any property forming part of any textile undertaking or prefers any claim under this Act which he knows or has reasonable cause to believe to be false or grossly inaccurate,

shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both.

32. Offences by companies.—(*1*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means any body corporate and includes a firm or other association of individuals; and

(*b*) "director", in relation to a firm, means a partner in the firm.

33. Protection of action taken in good faith.—No suit, prosecution or other legal proceeding shall lie against the Central Government or any officer of that Government or the Custodian or the National Textile Corporation or any subsidiary textile corporation or any officer or other person authorised by either of such Corporations for anything which is in good faith done or intended to be done under this Act.

34. Textile companies not to be wound up by the Court.—No proceeding for the winding up of a textile company, the right, title and interest in relation to the textile undertaking owned by which have vested in the National Textile Corporation under this Act or for the appointment of a receiver in respect of the business of the textile undertaking shall lie or be proceeded with in any court except with consent of the Central Government.

35. Delegation of powers.—(*1*) The Central Government may, by notification, direct that all or any of the powers exercisable by it under this Act, other than the power under section 36, may also be exercised by any person or persons as may be specified in the notification.

(*2*) Whenever any delegation of power is made under sub-section (*1*), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

36. Power to make rules.—(*1*) The Central Government may, by notification, make rules to carry out the provisions 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:—

(*a*) the time within which and the manner in which an intimation referred to in sub-section (*4*) of section 4 shall be given;

(*b*) the manner in which monies in any provident or other fund referred to in section 15 shall be dealt with;

(*c*) any other matter which is required to be, or may be, prescribed.

(*3*) Every rule made by the Central Government under this Act 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 rule or both Houses agree 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 modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

37. Power to remove difficulties.—(*1*) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the Textile Undertakings (Nationalisation) Ordinance, 1995 (Ord. 6 of 1995) was promulgated.

(*2*) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

38. Repeal and saving.—(*1*) The Textile Undertakings (Nationalisation) Ordinance, 1995 (Ord. 6 of 1995), is hereby repealed.

(*2*) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the corresponding provisions of this Act.

THE FIRST SCHEDULE

[*See* sections 2(*l*) and (*m*), 8 and 18(*1*)]

Sl. No.	Name of the textile undertaking	Name of the owner	Amount (in rupees)
(1)	(2)	(3)	(4)
1.	Elphinstone Spinning and Weaving Mills, Elphinstone Road, Bombay.	The Elphinstone Spinning and Weaving Mills Co. Ltd., Kamani Chambers, 32, Ramji Bhai Kamani Marg, Bombay-38.	4,56,98,000
2.	Finlay Mills, 10/11, Dr. S.S. Rao Road, Bombay.	The Finlay Mills Ltd., Chartered Bank Building Fort, Bombay-23.	8,14,87,000
3.	Gold Mohur Mills, Dadasaheb Phalke Road, Dadar, Bombay.	The Gold Mohur Mills Ltd., Chartered Bank Building, Fort, Bombay-23.	5,45,55,000
4.	Jam Manufacturing Mills, Lalbaug, Parel, Bombay.	The Jam Manufacturing Co. Ltd., Lalbaug, Parel, Bombay-12.	2,79,62,000
5.	Kohinoor Mills (No. 1), Naigaum Cross Road, Dadar, Bombay.		
6.	Kohinoor Mills (No. 2), Naigaum Cross Road, Dadar, Bombay.	The Kohinoor Mills Co. Ltd., Killick House, Charanjit Rai Marg (Home Street), Fort, Bombay-1.	2,33,38,000
7.	Kohinoor Mills (No. 3), Lady Jamshedji Road, Dadar, Bombay.		
8.	New City of Bombay Manufacturing Mills, 63, Tukaram B. Kadam Marg, Bombay.	The New City of Bombay Manufacturing Co. Ltd., 63, Tukaram Baisaji Kadam Path, Bombay-33.	4,23,57,000
9.	Podar Mills, N.M. Joshi Marg, Bombay.	The Podar Mills Ltd., Podar Chambers, Syed Abdulla Brelvi Road, Fort, Bombay-1.	7,46,30,000
10.	Podar Mills (Process House), Ganpat Rao Kadam Marg, Bombay.	The Podar Mills Ltd., Podar Chambers, Syed Abdulla Brelvi Road, Fort, Bombay-1.	1,91,94,000
11.	Shree Madhusudan Mills, Pandurang Budhkar Marg, Bombay.	Shree Madhusudan Mills Ltd., 31, Chowringhee Road, Calcutta-16.	2,70,85,000
12.	Shree Sitaram Mills, N.M. Joshi Marg, Bombay.	Shree Sitaram Mills Ltd., N.M. Joshi Marg, Bombay-11.	1,95,20,000
13.	Tata Mills, Dr. Ambedkar Road, Dadar, Bombay.	The Tata Mills Ltd., Bombay House, 24 Homi Mody Street, Fort, Bombay-23.	9,33,47,000
14.	Laxmirattan Cotton Mills, Kalpi Road Kanpur.	Laxmirattan Cotton Mills Company Limited, Behari Niwas, Chatai Mahal, Kanpur.	2,22,39,000
15.	Atherton West Cotton Mills, Anwar Ganj, Kanpur.	Atherton West and Company Limited, Anwarganj, Kanpur.	1,10,95,000

THE SECOND SCHEDULE

(*See* sections 21, 22, 23 and 27)

Order of priorities for discharge of liabilities in respect of a textile undertaking

PART A

Post-take-over management period

Category I.—

(*a*) Loans advanced by a Bank.

(*b*) Loans advanced by an institution other than a Bank.

(*c*) Any other loan.

(*d*) Any credit availed of for purpose of trade or manufacturing operations.

Category II.—

(*a*) Revenue, taxes, cesses, rates or any other dues to the Central Government or a State Government.

(*b*) Any other dues.

PART B

Pre-take-over management period

Category III.—

Arrears in relation to provident fund, salaries and wages, and other amounts, due to an employee.

Category IV.—

Secured loans.

Category V.—

Revenues, taxes, cesses, rates or any other dues to the Central Government, a State Government, a local authority or a State Electricity Board.

Category VI.—

(*a*) Any credit availed of for purpose of trade or manufacturing operations.

(*b*) Any other dues.

STATEMENT OF OBJECTS AND REASONS

The Textile Undertakings (Taking Over of Management) Ordinance, 1983 was promulgated by the President on 18th October, 1983 to vest in the Central Government the management of thirteen textile undertakings, pending their nationalisation. By reason of mismanagement of the affairs of these undertakings, their financial condition which became wholly unsatisfactory even before the commencement in January, 1982 of the textile strike in Bombay further deteriorated thereafter. Certain public financial institutions had, with a view to making the said undertakings viable, advanced large sums of money to the companies owning these undertakings. Further investment of very large sums of money was found to be necessary for reorganising and rehabilitating the said undertakings and thereby to protect the interests of the workmen employed therein and to augment the production and distribution at fair prices of different varieties of cloth and yarn so as to subserve the interests of the general public. Government considered the nationalisation of the said undertakings to be necessary to enable it to invest such large sums of money and safeguard other interests. Once the basic decision of nationalisation was taken, a genuine apprehension arose in Government's mind that unless the management of the concerned undertakings was taken over on immediate basis, there might be large scale frittering away of assets which would be detrimental to the public interest. It thus became urgently necessary for Government to take over management of the undertakings in the public interest azs Parliament was not in session at that time and every day's delay could have had serious repercussions, the afore-mentioned Ordinance was promulgated.

2. The Bill seeks to replace the said Ordinance.

NEW DELHI; VISHWANATH PRATAP SINGH.

The 12*th November*, 1983.