

The Assam Aid to Industries (Small and Cottage Industries) Act, 1955

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Act 11 of 1956

- Published on 7 January 1956
- Commenced on 7 January 1956
- [This is the version of this document from 7 January 1956.]
- [Note: The original publication document is not available and this content could not be verified.]

The Assam Aid to Industries (Small and Cottage Industries) Act, 1955(Assam Act No. 11 of 1956)Last Updated 10th February, 2020[Passed by the Assembly][Received the assent of the Governor on the 7th January, 1956]Published in the Assam Gazette, dated the 11th January, 1956Adapted by Meghalaya.An Act to provide for the grants of loan for the development of Small and Cottage Industries in AssamPreamble. - Whereas it is expedient to provide for the grant of loan for Small and Cottage Industries in Assam;It is hereby enacted in the Sixth Year of the Republic of India as follows:

1. Short title, extent and commencement.

(1)This Act may be called the Assam Aid to Industries (Small and Cottage Industries) Act, 1955.(2)It extends to the whole of Assam.(3)It shall come into force at once.

2. Definitions.

- In this Act unless there is anything repugnant in the subject or context-(a)"Borrower" means a person to whom a loan has been granted under this Act and includes the heirs, successors, assigns and sureties of a borrower;(b)"Director" means-(i)the Director of Industries, Assam in respect of Small or Cottage Industries other than Small or Cottage Industries under Sericulture and Weaving; and(ii)the Director of Sericulture and Weaving, Assam, in respect of Small or Cottage Industries under Sericulture and Weaving;(c)"Government" means the Government of the State of Assam;(d)"Loan" means a loan granted under this Act;(e)"Prescribed" means prescribed by rules made under this Act;(f)"Sanctioning Authority" means the authority who sanctions loan;(g)"Small Industry" means an industrial unit with a capital investment of not more than 5 lakhs irrespective of the number of persons employed;(h)"Security" means property mortgaged by the borrower against

the loan taken from the Government in share of lands, buildings, the assets of the industry and personal security and surety;(i)"artisan" means a person engaged in production of handicraft items;(j)"handicraft" means an item produced by a worker skillfully using the limbs with the aid of hand tools and frames;(k)"handicapped person" means a person suffering from some disabilities or disorder;(l)"disability" means-(i)blindness,(ii)low vision,(iii)leprosy cured,(iv)hearing impairment,(v)locomotor disability,(vi)mental retardation,(vii)mental illness,(m)"blindness" refer to a condition where a person suffer from any of the following conditions, namely-(i)total absence of sight, or(ii)visual acuity not exceeding 6/60 of 20/200 (snellen) in the better eye with correcting lances, or(iii)limitation of the field of vision subtending an angle of 20 or worse,(n)"hearing impairment" means loss of 60 decibels or more in the better ear in the conversational range of frequencies;(o)"leprosy cured person" means any person who has been cured of leprosy but is suffering from;(i)loss of sensation in hand or feet as well as loss of sensation and paresis in the eye-lid but with no manifest deformity,(ii)manifest deformity and paresis but having sufficient mobility in their hand and feet to enable them to engage in normal economic activity,(iii)extreme physical deformity as well as advance age which prevents him from undertaking any gainful occupation,(p)"locomotive disability" means disability of the bones, joints or muscles leading to substantial restriction of the movement of the limbs or any form of cerebral palsy;(q)"mental illness" means any disorder other than mental retardation;(r)"mental retardation" means a condition of arrested or incomplete development of mind of a person which is specially characterised to subnormality of intelligence;(s)"person with disability" means a person suffering not less than 40% of any disability as certified by a Medical Authority;(t)"persons with low vision" means a person with impairment of visual functioning even after treatment or standard refractive correction but who uses or is potentially capable of using vision for the planning or execution of a task with appropriate assistive device;(u)"medical authority" means any hospital or institution as may be specified by the Government, by notification for the purposes of this Act.

3. Grant of Loan.

(1)The Director of Industries or any officer authorised in this behalf by the Government may sanction loan not exceeding such limit and on such terms and conditions as may be prescribed and any loan beyond the competence of the aforesaid officers shall be sanctioned by the Government. Loans upto Rs. 25,000/- in case of handicapped persons and upto Rs. 30,000/- in case of artisans may be issued by the Government.Applications for the loan exceeding Rs. 30,000.00 should ordinarily be passed on to the State Financial Corporation for consideration. In cases, however, where the industrial concern is not found eligible for accommodation from the corporation the Government may consider such application upto a limit of Rs. 50,000.00.(2)Loan may be granted for all or any of the following purposes, viz-(i)For the purchase of a cottage industrial undertaking;(ii)For the erection of additional machinery or for replacing old machinery of a cottage industry;(iii)for the development of a new or has sent college industry and;(iv)For presiding the working capital such as the cost of new material, any of operating staff etc. of cottage industry for a specified time.(3)In case of cottage Industries owned by a Company or in co-operative society the State Government may assist in development of such industries by participation in the share capital or by purchasing debentures issued by such company.

4. Application for loan.

(1) Any handicapped person or artisan may submit in the prescribed form and in the prescribed manner the application to the Director or to any other officer empowered in this behalf by the Government for loan in respect of Cottage Industries. (2) The officer receiving such application shall within such time as may be prescribed, conduct an enquiry on the particulars furnished with the application and forward the same if he is not competent to sanction the loan, with his report to the Government.

5. Terms for grant of loan.

- The Government or the authorities empowered to sanction the loan may grant loan to a cottage industry on the following terms- (i) The grant of a loan is to be secured and repaid to the prescribed manner and upon such terms and may be fixed by the order granting it: Provided that no such loan shall exceed up to a maximum of 75% of the total value of the security as prescribed. Provided also that notwithstanding anything contained in this Act and subject to such rules as may be prescribed, the Director or the authority empowered to issue loan may sanction loan up to Rs. 25,000.00 on personal bond of the applicant and up to Rs. 30,000.00 on security of one or more sureties in addition to personal bond of the applicant. (ii) Government or the authority empowered to issue loan may lease machineries and equipments necessary for the purpose of the industry to the applicant on hire purchase system on execution of the Bond in the prescribed form.

6. Inspection of assets.

- Any person authorised in this behalf by the Director may enter any place, or premises for protecting any land, constructions, machineries, appliances, materials or stock-in-trade purchased, hired or created or proposed to be purchased, hired or created by the borrower with the loan granted to him.

7. Power to require payment before the due dates.

- Notwithstanding anything contained in this Act or the rules made thereunder, the Director or the Government, if the loan is sanctioned by an authority other than the Government, may for reasons to be recorded in writing, terminate the agreement for loan and direct the borrower to repay all the amounts due thereunder within such time as may be fixed on any of the following grounds: (a) that any portion of the loan has been misapplied, or (b) that there has been a breach by the borrower of the provisions of this Act or of any rules made thereunder or on any conditions of the grant, or (c) that the application on which the loan has been granted contained or was accompanied by any material statement by the borrower which he knew to be false or any intentional concealment by him of any material fact, which in the opinion of the Director or the Government, as the case may be, it was his duty to disclose or that any such false statement or concealment was intentionally made in any enquiry made under this Act, or to the reply to any requisition or information under this Act, or (d) that the Small or Cottage Industry in question is being managed in such a manner as

to endanger the repayment of the loan granted thereto and repayable under this Act, and in default of payment within the specified date proceed to recover from the borrower as an arrear from land revenue the whole amount of the outstanding loan, together with such interest as may be due thereon.

8. Power to postpone or to extend time for realisation.

- Notwithstanding anything contained in this Act or in the rules made thereunder the Government where the Government is the sanctioning authority, and the Director, in other cases, may postpone the realisation of any instalment of a loan and may extend the period of repayment of the loan in the manner it deems proper. However the reason for doing so shall be stated in writing.

9. Inspection and returns.

- The owner of any cottage industry-(i)whom an application has been made for State loan to such industry, or(ii)during the continuance of the State loan to such industry, shall-(a)comply with any general or special orders of the Government relating to the inspection of the premises, buildings or plant or stock-in-trade employed or to be employed for the purposes of the industry;(b)permit the inspection by the prescribed person of all accounts relating to the industry;(c)submit the account relating to the industry to such audit as may be prescribed;(d)furnish in the prescribed manner to all prescribed persons full returns of all products manufactured and sold both as regards description and quantity;(e)maintain such accounts as may be prescribed; and(f)furnish such statement as the Government may requires.

10. Fees.

- The Government may charge in respect of application, enquiries, inspections and audit by whomsoever made under this Act, such fees, if any, as may be prescribed.

11. Supervision of assisted industry.

- During the continuance of the State loan to a Small or Cottage Industry, the government may, by appointing Directors or Inspectors; take such steps as it deems advisable so as to control the conduct of the industry as to safeguard the interest of the Government therein.

12. Power to recover or to take over assets.

- All arrears of monies payable to the Government under this Act, including any interest chargeable thereon and cost, If any, incurred, shall be recoverable as an arrears of land revenue.

13. Exemption from legal proceedings.

- No suit, prosecution or other legal proceedings shall be instituted against any person for anything in good faith done, or intended to be done in pursuance of this Act, or any rules made thereunder.

14. Finality of the decision of State Government.

- The decision of the Government as to whether the condition imposed by or under any of the provisions of this Act have been satisfied, shall be final.

15. Power to make rules.

(1)The Government may make rules for carrying out the purposes this Act.(2)In particular and without prejudice to the generality of the foregoing provisions such rules may provide for all or any of the following matters, namely:(a)the forms of application for loan, order of the sanctioning authority, the bond, or any instruments to be executed by the borrowers, and notices and directions by the sanctioning authority and other authorities;(b)the terms and conditions of loans and fixations of instalments;(c)the fixation of the rate of interest;(d)the extent, the manner of issue of loans and the procedure for the realisation;(e)the form and manner in which accounts' registers are to be maintained;(f)the manner in which the grant of extension of time for repayment of the principal or interest may be granted;(g)the manner and machinery for investigation into applications, for loans and into proper utilisation of the loan money;(h)the provision for audit and inspections and maintenance of account and submission of returns, etc. under Section 10;(i)the fees referred to in Section 11; or(j)generally all the matters which are required by the Act to be prescribed.