

The Bihar State Aid to Industries Rules, 1959

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1. Short title.

- These rules may be called the Bihar State Aid to Industries Rules, 1959.

2. Definition.

- In these rules, unless there is anything repugnant in the subject or context-(a)"the Act" means the Bihar State Aid to Industries Act, 1956;(b)"Chairman" means the Chairman of the Board of Industries;(c)"form" means a form in the Schedule to these rules;(d)"section" means a section of the Act; and(e)other words and expression shall have the same meaning as are assigned to them in the Act.

3. Delegation of the power under Section 4 to give State Aid.

- [(1) The power to give State aid in the forms specified in clauses (a), (b), (c), (g) and (h) of Section 3 may be delegated to Secretaries to Government, the Director of Industries, Additional Director of Industries, Joint Director of Industries, Deputy Director of Industries, the Bihar State Financial Corporation, District Magistrate, Additional District Magistrates, District Development Officer, Project Executive Officer, Community Project Officer (Industries), Sub-Divisional Magistrates, Block Development Officers, Special Officers, Development Officers incharge of Ancillary Industrial Areas or District Industries Officers and Managing Directors of Industrial Area Development Authority subject to the following conditions or restrictions:(a)No loan for a period longer than ten years shall be granted without the special sanction of the State Government;(b)The rate of interest shall be fixed in accordance with the instructions of the State Government issued in this regard from

time to time; and(c)Only such security shall be taken as is laid down in the Act and these rules by a mortgage of the properties including collateral security offered in cases when such security is required.](2)The power to give State aid in the form of payment of a subsidy under clause (f) of Section 3 may be delegated to the Secretaries to Government, Director of Industries, Additional Director of Industries, the District Magistrates, Sub-Divisional Magistrates and Project Executive Officers.(3)Every Government notification delegating powers shall specify the maximum monetary limit of the delegation.(4)In case of aid granted under clause (f) of Section 3, the Director or the authority granting the aid shall, within one year or any shorter period allowed by him, satisfy himself that the subsidy has been spent for the purpose for which it was paid.

4. Manner of election of members of the Board of Industries under Clauses (a), (b) and (c) of sub-section (1) of Section 5.

(1)The election of members of the Board under clauses (a) and (b) of sub-section (1) of Section 5 by the Bihar Legislative Assembly and the Bihar Legislative Council respectively shall be held according to rules of the Assembly or the Council as the case may be for holding elections by means of the single transferable vote.(2)The election of members of the Board under clause (c) of sub-section (1) of Section 5 by associations or other bodies selected by the State Government shall be held in accordance with their own election bye-laws or rules, if any. In case where there are no such bye-laws or rules, the election shall be held in such manner as may be determined by the associations or bodies concerned.

5. Conduct of proceedings of the Board of Industries.

- The Board, shall meet and make, from time to time, such arrangements with respect to the place, day, hour, notice,management and adjournment of its meeting and generally with respect to the transaction of business at such meeting as it may think fit, subject to the following conditions:(1)(a)The Chairman may, whenever he thinks fit, and shall upon the written request of not less than five members, call a special meeting of the Board.(b)At least ten days' notice of all meetings shall be given to every member provided that an accidental failure of service of notice on any member shall not invalidate the proceedings of any meeting.(2)The notice shall set forth clearly and fully the business to be transacted at the meeting and no business other than that so set forth shall be transacted except with the permission of the Chairman of the meeting.(3)One-third of the total number of members of the Board shall form the quorum and if at any meeting of the Board there is no such quorum, the Chairman of the meeting or in his absence, such member as shall be elected to preside, shall adjourn the meeting until such other day or time as he thinks fit. At such adjourned meeting any number of members present not being less than three exclusive of the Chairman of the meeting shall form a quorum.(4)Every meeting shall be presided over by the Chairman, if present, and during his absence by one of the members present as may be elected by the other members.(5)All questions in the meeting shall be decided by a majority of votes of the members present, the Chairman of the meeting having the second or casting vote in all cases of equality of votes.(6)Minutes shall be kept of the proceedings at each meeting a book to be provided for the purpose which shall be signed as soon as practicable by the Chairman of such meeting.(7)If there is no sufficient business for holding a meeting, the Chairman of the meeting may in his

discretion circulate any matter for the opinion of the members. The majority opinion thus ascertained shall be deemed to be the decision of the Board.

6. Form of application under Section 6.

(a) Applications for State aid shall be made in Form A or B as the case may be except in the case of applications for the supply of machinery on the hire-purchase system under clause (g) of Section 3 which shall be in Form D or E, as the case may be. The applications shall contain the particulars as required by the said forms. (b) The enquiry report contemplated by sub-section (3) of Section 6 shall be submitted in Form F. (c) Every application for State aid shall be accompanied by a scheme of the industry for which State aid is required in Form G. (d) Parties to whom State aid is given shall execute mortgage bond, personal bond, personal bond with surety and agreement in Forms H, I, J and K, respectively,

7. Publication of application under Section 6 (2).

- Every application for State aid of an amount or value exceeding Rs. 20,000 shall be published in the official Gazette together with a notice calling upon persons objecting to the giving of such aid to submit their objections to the Director or to the Officer appointed under Clause (2) of Section 2 before whom the application for such aid has been filed, by registered post within 30 days of the publication in the Gazette,

8. Disposal of objections.

- The Director shall place the application together with the objection referred to in Rule 7, other than an application for the disposal of which power has been delegated under Section 4, before the Board of Industries for its advice and if, notwithstanding such objection, the Board of Industries recommends that the aid be granted, he shall submit the case to the State Government for orders. The orders of the State Government on every such objection shall be published in the Gazette.

9. Nature of security to be taken under Sections 7 and 8.

(1) For a loan to be given on the basis of security for a period exceeding one year the security may include—(a) immovable properties; (b) machineries of permanent or semi-permanent nature whose life is not less than the period of the loan; (c) such bonds as may be considered suitable by Government for security. The manner of regulating expenditure under the first proviso to Section 7(1)—(2) (i) The expenditure shall be incurred according to the scheme approved by the State Government. (ii) No expenditure shall be incurred on any item without the prior approval of the Director of Industries unless it has already been approved by the State Government. (iii) All disbursements out of the loan shall be made under the joint signature of the nominee of the State Government and the loanee.

10. Valuation of assets under Section 7.

(1)The assets of an industry shall be valued in the following manner for the purposes of granting State aid:(i)land and building shall be valued at their market price;(ii)machineries shall be valued at their cost price less such allowance for depreciation as the Director may consider reasonable in each case; and(iii)the value of Government securities shall be determined by the State Government from time to time.(2)In the valuation of assets for the purposes of sub-rule (1), the value of any land, building or machinery to be purchased with the State aid applied for may be included, provided the applicant executes an agreement to purchase such machinery and to acquire such other assets as he may have proposed in his application on the basis of which the loan is to be sanctioned.

11. Inspections under Section 9.

- Any person who has made an application for State aid or to whom State aid has been given under Section 3 shall permit the Director or any authority which has granted the loan or any person authorised by them in this behalf to inspect the premises, buildings, machinery and stock-in-hand of the industry at all reasonable times.

12. Form of accounts under Section 9.

(1)Every recipient of State aid under clause (a) or (b) of Section 3 shall maintain accounts in such form as the State Government may approve in each case and in particular, except in the case of a Company registered under the Indian Companies Act, shall prepare in Form C on the 31st day of March each year, or on such other date as may be approved by the State Government, a balance-sheet and (b) a profit and loss account.(2)Such accounts shall be open to audit for a period not longer than six months next after the 31st day of March or the date approved by the Director, as the case may be, by such person as the Government may appoint or approve in this behalf, and the recipient of State aid shall be liable to pay such charges in each case.

13. Condition of guarantee of a cash credit, overdraft or fixed advance with a bank under Section 11.

- Every guarantee under clause (b) of Section 3 shall be for a fixed period. If at the expiration of such period the cash credit or overdraft is not cleared or the fixed advance not repaid and if the bank with which the guarantee has been made so desire, the amount outstanding both of the principal and the interest, shall be immediately recoverable.

13A. [Delegation of the power under Section 12 (2) to terminate State Aid. [Substituted by G.S.R. 12 dated 26th July, 1973.]

- The power to terminate State Aid under sub-section (1) of Section 12 may be delegated to Secretaries to Government, Director of Industries, Additional Director of Industries, Joint Director of Industries, Deputy Director of Industries, the Bihar State Financial Corporation, District

Magistrate, Additional District Magistrate, District Development Officer, Project Executive Officers, Community Project Officers (Industries), Sub-Divisional Magistrates, Block Development Officers, Special Officers, Development Officers, Officers-in-Charge of Ancillary Industrial Areas or District Industries Officers, Managing Directors of Industrial Area Development Authority in respect of such aid as they are authorised to give under powers delegated under Section 4.] [Substituted by G.S.R. No. 12 dated 26th July, 1973.](a)[Project Executive Officer, Community Project Officer (Industrial), Sub-Divisional Magistrates, Block Development Officers and District Industries Officers to the District Magistrates; [Substituted by G.S.R. 12 dated 26th July, 1973.](b)Joint Director of Industries, Deputy Director of Industries, Additional District Magistrates, District Development Officers, Special Officers, Development Offices and Officers-in-Charge of Ancillary Area to the Director of Industries; and(c)Secretaries to Government, Director of Industries, Additional Director of Industries, Bihar State Financial Corporation, District Magistrate and Managing Director of Industrial Area Development Authority to the State Government in the Department of Industries and Technics Education.]

14. Discontinuance of the State aid under Section 15 (2).

- The grant of subsidy in any form mentioned in Section 15 (2) to industries other than small scale industries shall be discontinued if the industry be shown to the satisfaction of the State Government to be earning net profit in excess of 6½ per cent of the total investment.

15. Distribution of profit under Section 16.

- No recipient of State aid under clause (a) or (b) of Section 3 shall pay dividend or distribute or take any profit in excess of five per centum upon the amount of the capital of the industry as long as any part of the loan remains unpaid or the guarantee remains in force.

16. The percentage of costs to be deposited under Section 20.

- No machinery shall be supplied on the hire purchase system, unless the applicant deposits with the Director 10 per cent of the cost of the said machinery in advance and a further 10 per cent before the delivery of the machinery. The deposits may be made in the shape of Government securities, the value of which shall be determined by the State Government from time to time.

17. Additional particulars to be specified in the order referred to in Section 21.

- The authority which sanction the supply of machinery on the hire purchase system shall ordinarily require that the State Government shall be protected against the total or partial loss of such machinery from fire or any other cause by means of insurance, a mortgage of immovable property or the personal guarantee of one or more persons.

18. Form of metal plate under clause (e) of Section 22.

- All machinery supplied on the hire-purchase system, shall, until the hiring is terminated in accordance with the Act, bear a metal plate with the following inscription, namely:

19. Proportion of interest payable under Section 24.

- If any machinery supplied on the hire-purchase system is seized and taken away under Section 23 and the hirer exercises his option under Section 24 of purchasing the same he shall pay, in addition to the unpaid balance of the cost thereof and the cost of any expenses incidental to such seizure and removal, such interest on the remaining unpaid instalments as would have fallen due on the payment of the next instalments of rent.

20. Manner of termination of hiring by hirer.

- If the hirer wishes at any time to terminate the hiring of the machinery supplied to him on the hire-purchase system he shall give notice of intention to the Director of Industries by registered post. The Director shall, within two months of the receipt of such notice, inspect the machinery or cause it to be inspected and shall remove the same.

Schedule

Form A[See Rule 6]Form of application for State aid by an individual or firm not being a company within the meaning of the [Indian Companies Act, 1913] [Now Indian Companies Act, 1956.]

1. Name, parentage and residence or, in a case of a firm, style and principal place of business, of the applicant.

2. Section of Act under which State aid is required.

3. Amount of State aid required.

4. Object for which the State aid is required.

5. Manner in which it is proposed to repay the State aid [in the case of a loan-

(a)the number of instalments by which it is proposed to repay;(b)date on which it is proposed that the first instalment should be due;(c)the amount of each instalment, should be stated].

6. Nature of security offered.

7. Names, parentage, caste and residence of sureties, if any.

8. Nature of security of the sureties.

I declare that the statements made and the particulars given above are to the best of my knowledge and belief true, and that to the best of my knowledge and belief there are no encumbrances other than those mentioned above on the land or other property offered as security for the loan applied for.

Signature _____ Date. _____
Signature of applicant. _____ Date. _____

N.B. - The fullest information should be given regarding the security for any loan or advance (e.g., in the case of land, reference should be made to any finally published record-of-rights). Details as to the financial resources of the applicant, the assets and revenues which will be available as security for it and particulars of any existing charges thereon, as well as any debts owned by the applicant should be furnished. Balance sheets and profit and loss accounts, where such exist, certified by an auditor entitled to audit accounts of companies under the Indian Companies Act, 1913* should be attached. Information should also be given as a collateral security offered. The application should be sent with a covering letter explaining the prospects and facilities available for the development of the industry, the nature of the process to be utilised, the staff to be employed and history of the Industry from its inception upto the present date. Form B [See Rule 6] Form of application for State aid by a Company

1. Name of Company and address of registered office.

2. Names of addresses of Directors and of Manager or Managing Agent, Secretary and the Chief Executive Officer of the Company.

3. Section of Act under which State aid is required.

4. Amount of State aid required.

5. Object for which State aid is required.

6. Manner in which it proposed to repay the State aid. [in the case of a loan-

(a) the number of instalments by which it is proposed to repay; (b) date on which it is proposed that the first instalment should be due; (c) the amount of each instalment; should be stated],

7. Nature of security offered.

Signature of officer empowered to sign on behalf of the Company. Date. N.B. - The fullest information should be given regarding the security for any loan or advance (e.g., in the case of land, reference should be made to any finally published record-of-rights). Details as to the financial resources of the applicant, the assets and revenues which will be available as security for it and particulars of any existing charges thereon, as well as any debts owned by the applicant shall be furnished. Balance-sheets and profit and loss accounts, where such exist, certified by an auditor entitled to audit accounts of companies under the [Indian Companies Act, 1913] [Now Indian Companies Act, 1956.], should be attached together with a copy of the prospectus and memorandum and the articles of associations. The amount of capital actually subscribed, paid up, the number of shares held by each of the directors, their salaries, fees and other perquisites should also be stated. Information should also be given as to the collateral security offered. The application should be sent with a covering letter explaining the prospects and facilities available for the development of the industry, the nature of the processes to be utilised, the staff to be employed and a history of the industry from its inception upto the present date. Form C [See Rule 2] Trading and profit and loss account for the year ended

Debtor

Stock in hand at beginning of year. Work in progress at beginning of year. Purchase less returns. Freight in purchase. Manufacturing wages. Factory expenses. Balance being gross profit. Carried down. Salaries and wages not directly debitable to factory. Rent, rate and taxes. Carriage outwards. Discount allowed. Office and general expenses. Repairs. Bad debts. Reserve. Depreciation. Interest on loan. Balance being profit.

Balance sheet as at

Capital and Liabilities

Capital showing details of shares, if any. Debts and liabilities showing-(1) amounts of loans on mortgage. (2) amounts of debts distinguishing-(a) debts for which acceptance have been given; (b) debts for supplies; (c) debts for law expenses; (d) debts for interest on loans; (e) other debts. Reserve fund. Profit and loss. Contingent liabilities: Claims not acknowledged. Money for which concern is contingently liable.

Form D [See Rule 6] Form of application for the supply of machinery on the hire-purchase system by an individual or firm not being a company within the meaning of [Indian Companies Act, 1913] [Now Indian Companies Act, 1956.]

Creditor

Sales less returns. Stock in hand at the end of year. Work in progress at the end of year. Gross profit brought down. Other revenue receipts.

Property and Assets

Property showing-(a) immovable property, distinguishing land and building. (b) movable property, distinguishing stock in trade and plant. Cost less depreciation to be shown. Debts owing to concern showing-(a) debts considered to be good and secured. (b) debts considered good and unsecured. (c) debts considered doubtful or bad. Debts due from a partner or employee to be separately stated. Cash and investment showing-(a) the nature of each investment and rate of interest. (b) amount of cash and where lodged.

- 1. Name, parentage and residence, or, in the case of a firm, style and principal place of business, of the applicant.**
- 2. Nature and description of machinery required and its approximate value.**
- 3. Object for which the machinery is required.**
- 4. Place where the applicant proposes to set up the machinery.**
- 5. The amount which the applicant is prepared to deposit (being 20 per cent of approximate value of the machinery required).**

Signature of applicant Form E [See Rule 6] Form of application for the supply of machinery on the hire-purchase system by a company

- 1. Name of Company and address of registered office.**
- 2. Names and addresses of Directors and of Manager, or Managing Agent, or Secretary and the Chief Executive Officer of the company.**
- 3. Nature and description of machinery required and its approximate value.**
- 4. Object for which the machinery is required.**
- 5. Place where the Company proposes to set up the machinery.**
- 6. The amount which the Company is prepared to deposit (being 20 per cent of the approximate value of the machinery required).**

Signature of officer empowered to sign on behalf of the Company. Form F [See Rule 6] Form of Enquiry Report

- 1. (a) Name of the applicant (individual firm or Company as the case may be).**

(b) Reference to Serial No. of application. (c) Whether the applicant is a member of Scheduled Castes, Scheduled Tribes, Backward Classes; if so, the name of the caste to which he belongs should be mentioned.

2. Place where the manufacture is done.

3. (a) Description of industry.

(b) Dates of establishment. (c) Capital outlay. (d) Whether any assistance was granted before; if so, when, and how much. (e) Number of employees engaged at present. (f) Whether the grant of State aid will result in increased employment and, if so, to what extent.

4. Profit and loss account of the previous year, if available.

5. Major equipment and other assets of the industry with present valuation and year of purchase.

6. Section of the Act under which aid is required and amount of State aid applied for.

7. (a) Particulars of the security offered and their present valuation.

(b) Whether the security offered is free from all encumbrances; if not, what is the total amount of existing encumbrances. (c) If the assets of the industry are proposed to be offered as security, please mention the valuation and description of the assets of the industry including that created by the grant of State aid. (d) Applicant's share and interest in the collateral security offered. (e) Names of the sureties, if any, their parentage, residence and full address. (f) Nature of security offered by the sureties. (g) Whether the sureties are in any way related to the applicant. [This paragraph should be filled up only in respect of applications for loans under Section 4 (a)].

8. (a) Nature and description of the machinery required to be applied on hire-purchase system and its approximate value [in case of an application under Section 4 (g) of the Act],

(b) Place where the applicant proposes to set up the above machinery. (c) Whether the applicant is agreeable to deposit 20 per cent of the cost of the machinery with the Director of Industries, Bihar. [This paragraph should be filled up only in case of applications under Section 4 (g) for assistance in the form of hire-purchase].

9. Whether the applicant is in a position to raise funds to the extent of 50 per cent of the cost of the scheme from out of his own resources.

[This paragraph should be filled up only in case of applications for subsidy under Section 4 (f)].

10. Special grounds, if any, for preferential consideration for grant of State aid to the applicant.

11. I, certify that the statement made and particulars given above have been ascertained after personal enquiry by me and are true to the best of my knowledge and belief.

12. Recommendations made by the Enquiring Officer (full reasons should be stated).

Signature and designation of the Enquiring Officer.

13. Recommendation of the Board of Industries (in case the application was placed before the Board of Industries).

14. Recommendation of the Director of Industries, Bihar (in case the application was referred to Government).

15. Orders of the Director of Industries, Bihar (in case it was disposed of by him).

16. Order of the Government (in case the application was referred to Government).

Form G[See Rule 6]Form of Scheme of IndustryCost of the scheme for Industry.

1. Non-recurring-

Tools, equipments and furniture.

(a) In stock	Description	Quantity Valuation
1.2.3.4.etc.		

(b) To be purchased	Description	Quantity Valuation
1.2.3.4.etc.		

Total Non-recurring Rs.

2. Recurring-

(a)Raw materials proposed to be consumed quarterly (three months).

Description	Quantity (probable consumption during three months)	Rate	Total cost
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1.2.3.4.etc.

(b)Wages of Workers (for three months).

No. of workers with designation Rate of wages for each Estimated cost for three months

1.2.3.4.etc.

(c)House rent, if any, for three months.(d)Miscellaneous contingencies, viz., packing, coolie charge, stamps, stationery and other unforeseen charges.Estimated cost for(three months).Total recurring Rs.Signature of the applicant.DateForm of CertificateThe certificate should be completed only in case where the application is for the grant of a subsidy.We hereby certify that the applicant is personally known to us that he is in a position to raise funds to meet at least fifty per cent of the cost of the scheme.Signature of two respectable persons

1.

Name.....

Address.....Date.....

2.

Name.....

Address.....Date.....

H[See Rule 6](Annexure 1)Form of Simple Mortgage BondThis indenture made the.....of between son of.....resident of.....and carrying business ofatin the district.....hereinafter called the mortgagor (which expression unless excluded by or repugnant to the context shall be deemed to include his successors, representatives and assigns) of the one part and the Governor of Bihar hereinafter called the mortgagee (which expression unless excluded by or repugnant to the context shall be deemed to include his successors-in-office or assigns) of the other part.Whereas..... has applied to the Government of Bihar under Section 6 (six) of the Bihar State Aid to Industries Act, 1956, for a loan of Rs.....(Rupees.....) and the said Government has agreed to grant under Section 4 (a) of the Bihar State Aid to Industries Act, 1956, a loan of Rs.....for a period of.....returnable by the mortgagor in.....annual equated instalment including principal and interest beginning with the.....sum due at any time to carry interest at 3 per cent per annum payable with equated instalments as aforesaid, and the said loan to be subject to the provisions of the said Bihar State Aid to Industries Act, 1956, and the rules made or to be made under the said Act.And whereas it is one of the conditions of the said grant that the mortgagor should pay to his superior landlord and the municipality the rent and taxes as the case may be, of the property which he both hereby grant, convey and assign to the mortgagee every year or such time or times they may be due regularly and should carry on the business of.....continuously till the loan is repaid in full with interest due thereon.And whereas it is also one of the conditions of the said grant of loan that the mortgagor should execute the formal mortgage in favour of the mortgagee of the whole of the mortgagor's properties offered in security and a floating charge upon all the assets of the industry including stock-in-trade described more fully in the schedule hereto together with the appurtenances and all the estate right, title and

interest whatsoever of the mortgagor into, in or upon the same premises or any part thereof, over the stocks belonging to the business of the said.....to secure the repayment by the mortgagor of all sum or sums of money on account of principal and interest that may from time to time be due to the mortgagee from the mortgagor under the terms of grant of this loan. And whereas, the mortgagor has agreed to all the terms of grant of the loan of rupees (.....) as laid down by the Government of Bihar and has also agreed to comply with all the provisions of the Bihar State Aid to Industries Act, 1956, and the rules framed or to be framed thereunder. Now this Indenture witnesseth that in consideration of the said grant by the mortgagee of the loan to the extent of rupees.....(repayable with interest by the mortgagor as aforesaid) extending over a period of.....and to secure repayment of all sum or sums to the said extent of rupees.....and interest as shall at any time or times hereinafter be due to the mortgagor under the terms of this grant and in consideration of the premises the mortgagor doth hereby grant, convey and assign to the mortgagee all and singular the lands and hereditaments, premises, machineries and plant more fully described in the schedule hereto together with their respective appurtenances and all estate right, title and interest whatsoever of the mortgagor into or upon the said property or any part thereof and over the stocks of the business of the said. To have and to hold the said lands and hereditaments, premises, machineries and plant and all and singular the premises hereinbefore expressed to be hereby assured with their appurtenance into and to the use of the mortgagee, his successors and assigns for ever, but subject nevertheless to the provision for redemption next hereinafter contained provided always and it is hereby agreed and declared that if the mortgagor shall in accordance with the covenants hereinafter contained pay to the mortgagee all such sums including interest as shall from time to time be due to the mortgagee and shall at all times carry out and perform all and every condition set forth in the Bihar State Aid to Industries Act, 1956 and the rules framed or to be framed thereunder the mortgagee shall upon the request and at the costs and charges in all things of the mortgagor reconvey the said mortgaged property to the mortgagor or as he shall direct and the mortgagor hereby covenants with the mortgagee (1) to repay to the mortgagee all such sum or sums to the said extent of rupees and interest as shall at any time or times hereafter be due to the mortgagee under its grant aforesaid and (2) to pay to the mortgagee at the end of each year beginning from the end of first year from the date the loan is advanced for a period of.....years Rs.....(Rupees.....) by way of reduction of the loan equated instalments of principal and interest the rate of interest remaining at the rate of 3 per cent per annum, and (3) to pay to the landlord and the municipality the rent and taxes of the property every year or as they may be due regularly and to carry on the business.....during the currency of this loan continuously provided always and it is hereby agreed and declared that if the mortgagor shall make default in paying to the mortgagee any sum or sums due to the mortgagee as aforesaid under the said grant or if mortgagor shall fail to pay to the said mortgagee in any year the said instalment as hereinbefore provided or shall fail to pay to the landlord or the municipality the rent or taxes of the premises on due dates, or if the mortgagor stops or threatens to stop his business and Government is satisfied that there is no chance of his re-starting its working, then and in any such event it shall be lawful for the mortgagee to sell the property hereby mortgaged or any part thereof either by public auction or private treaty or otherwise howsoever and subject to any terms and conditions as the mortgagee may think fit and to convey the property to any purchaser or purchasers freed and discharged from the mortgage hereby created and from any other mortgagee to which the present mortgage has priority and no purchaser shall be concerned to see that the sale proposed to be made

in exercise of the said power is a proper and valid one and the receipt of the mortgagee shall be effectual discharge for the purchase money and it is further declared that the said power of sale shall not in any way affect or prejudice any other power or powers, right and remedies whether statutory or otherwise to which the mortgagee may now or at anytime hereafter to be entitled under or by virtue of the mortgage hereby created or otherwise to which the mortgagee may now or at any time hereafter to be entitled under or by virtue of the mortgage hereby created or otherwise howsoever arising in respect of the mortgaged property or the security hereby created or in connection with the realisation and disposition of such security or otherwise howsoever connected herewith and provided also and it is hereby further agreed and declared that mortgagor shall comply with the provision of sections of the Bihar State Aid to Industries Act, 1956 and of the rules framed or to be framed thereunder. In witness. Whereof the parties to these presents have hereunto set their hands and seals the day any year before written. Signed and sealed by the above named.....in the presence of.....

of mortgage property referred to above

Form I[See Rule 6]Form of Personal Bond under Section 7 (2) of the ActI.....son of.....by caste residing at.....Police Station.....District.....having borrowed from the Governor of Bihar the sum of Rs (Rupees) hereby agree and undertake to repay the loan with interest at 3 per cent per annum in equated annual instalments of the principal and interest amount to Rs.....(Rupees.....) only. I further agree that the repayment of the loan shall start one year after the receipt of the money by me. If I fail to pay on the due date or dates any of the instalments I shall pay such penal interest not exceeding eight per centum per annum as may be levied by the State Government.

In presence of Signed

(i) Witness Date

(ii) Witness

Form J[See Rule 6]Form of Personal Bond with Surety under Section 7 (2) (a) of the ActKnow all men by these presents that I.....(name of the borrower) son of.....resident.....of.....RS..... District and we son of.....resident of.....P.S..... in the district of.....and son of..... resident of.....P.S.....in the district of.....are jointly and severally held and firmly bound unto the Governor of Bihar, his successor-in-office and assigns in the sum of Rs.....(Rupees) together with such penal interest not exceeding eight percentum per annum if any, as the State Government may levy on failure to pay on the due date or dates any of the said instalments, to be paid to the said Governor of Bihar, his successor-in-office or assigns, as the case may be, for which payment well and truly to be made we the said (1) borrower, (2) surety, (3) surety for ourselves, our heirs, executors, administrators and representatives and every one of them do hereby bind and oblige over selves for the whole firmly by these presents :Signatures-(1)Borrower(2)Surety(3)SuretyDated the.....day of.....one thousand nine hundred and.....Whereas I, the said.....borrowed Rs.....(Rupees.....) and agreed to pay the sum of Rs together with interest at 3 per cent per annum in.....annual equated instalments together with the penal interest, if any mentioned above, the first instalment to

be given one year after the loan is actually advanced that is to say :Rs.Rs.Rs.and so forth.And whereas I the said.....(borrower) has proposed and the said Governor of Bihar has accepted the said.....(names of sureties) as sureties for the said (name of borrower).Now the content of the above-written bond is such that if the said.....(borrower or his executors or administrator or some or one of them) shall duly repay the said sum of Rs.....according to the instalments fixed above, the above written bond shall be void otherwise the same shall remain in full force and virtue.Signatures-(1)Borrower(2)Surety(3)SuretyWitness-(1)(2)Form-K[See Rule 6]Form of AgreementAn agreement made this.....day of.....20 between.....son of.....resident of.....RS.....in the district of.....hereinafter called the "hirer" which term where the context so admits shall mean and include his heirs, executors, administrators and assigns of the one part, and the Governor of Bihar, hereinafter called the owner which term where the context so admits shall mean and include his successor-in-office and assigns of the other part. Whereby it is agreed and declared as follows:

- 1. The owner shall let and the hirer shall hire the.....(hereinafter called the machine) and more particularly described (in the first schedule hereto) subject to the terms and conditions hereinafter mentioned.**
- 2. Immediately upon the execution of these presents the hirer shall pay to the owner the sum of Rs (Rupees,) as.....(being 20 per cent of the total cost of the machine) and shall further pay to the owner, during the continuance of the hiring, the sum of Rs.....(Rupees.....) being the rent in ten equal instalments as mentioned in the 1st column of the second schedule hereto on the dates shown in the second column thereof, whether the same should have been demanded or not.**
- 3. (a) The hirer shall at his own expenses get (the machine insured with a reliable Fire Insurance Co. for a sum of Rs.....(Rupees.....) and the same shall be renewed regularly every year till the hiring is terminated under the terms embodied in this agreement.**
- 4. The hirer shall at his own expense keep the machine in good and complete repair and condition and shall also be responsible for any loss, damage or destruction of the machine (including loss or damage by fire).**
- 5. The hirer shall permit the owner or his agents throughout the term of the hiring to enter upon the premises where the machine may be and inspect the same and shall keep the owner informed from time to time of the address at which the machine shall be kept.**

6. The hirer shall pay all taxes, rates, rents and outgoing of every description, either existing or future for the time being payable in respect of the premises where the machine shall be kept and shall on no account cause or permit the machine to be seized under any distress for rent or otherwise or the execution of any other legal process.

7. The hirer shall not, during the continuance of the hiring, transfer by mortgage or otherwise the machine. Nor shall he on any account during the continuance of the hiring part with the possession or control of the machine or assign the benefits under these presents or commit or suffer any act of insolvency.

8. The machine shall become the property of the hirer as soon as he has paid all the rents shown in the first column of the second schedule hereto on the dates mentioned in the second column thereof; but until such payment the machine shall be and remain the sole property of the owner and the hirer shall be and remain a mere bailee thereof.

9. If the hirer makes any default or breach in any of the terms and conditions of these presents, the owner shall be entitled without notice and without prejudice to his right hereunder to determine the hiring and shall also be entitled to enter upon the premises where the machine may be and to seize and take possession of and recover the machine at the expense of the hirer.

10. Upon the determination of the hiring under Clause 9 hereof the hirer shall pay the owner all arrears of rent or damages or other sums payable under the terms and conditions of these presents.

11. No indulgence, delay or relaxation on the part of the owner enforcing the terms and conditions of these presents shall constitute a notice or waiver of any breach of the terms and conditions thereof, nor shall it in any way prejudice or affect the right of the owner and under these presents.

The first schedule above referred to : (Description of the machineries). The second schedule above referred to :

1. Amount of rent payable.

2. Date of payment of rent.

In witness whereof the parties hereto have set their hands the day and year first above written. Signed (owner) Signed (Hirer) In presence of