

charges payable on such debentures or loans as at the time when the amounts are sought to be converted into stock or shares;

- (i) accepting or discounting promissory notes and bills of exchange made, drawn, accepted or endorsed by industrial concerns or by any person selling capital goods manufactured by one industrial concern to another industrial concern;
- (j) undertaking research and surveys for evaluating or dealing with marketing or investments or undertaking and carrying on techno-economic studies or other activities in connection with the development of any industry;
- (k) providing technical and administrative assistance to any industrial concern or any person for the promotion, management or expansion of any industry;
- (l) planning and assisting in the promotion and development of industries;
- (m) providing consultancy and merchant banking services;
- (n) acting as the trustee for the holders of debentures or other securities;
- (o) leasing, sub-leasing or giving on hire or hire-purchase of industrial plant, equipment, machinery or any other asset;
- (p) factoring;
- (q) providing export related credit and services;
- (r) undertaking money market related activities;
- (s) setting up of mutual funds and undertaking asset management activity;
- (t) promoting, forming or conducting or assisting in the promotion, formation, or conduct of companies, subsidiaries, societies, trusts or such other associations of persons as it may deem fit;
- (u) opening or confirming or endorsing letters of credit and negotiating or collecting bills and other documents drawn thereunder;
- (v) doing such other business as the Small Industries Bank may authorise, and or generally the doing of such acts and things as may be incidental to or consequential upon, the exercise of its powers or the discharge of its duties under this Act.

(2) The Financial Corporation may receive, in consideration of any of the services mentioned in sub-section (1), such commission, brokerage, interest, remuneration or fee as may be agreed upon.]

¹[***]

(3) Subject to the provisions of sub-section (5) of section 7, the aggregate of contingent liabilities of the Financial Corporation under clauses (a), (b) ²[(c) and (ca)] of sub-section (1) shall not at any time exceed twice the paid-up share capital and

1. Sub-section (2) of section 25 as it stood before its substitution by Act 39 of 2000 was omitted by Act 43 of 1985, sec. 15 (w.e.f. 21-8-1985).

2. Subs. by Act 77 of 1972, sec. 15, for "and (c)" (w.e.f. 30-12-1972).

reserve fund of the Corporation except with the prior approval of the State Government and in consultation with the ¹[Small Industries Bank] but in no case shall exceed thrice the paid-up share capital and reserve fund of the Corporation.]

²[(4) Nothing contained in this section shall entitle any Financial Corporation to hold shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding thirty per cent. of the subscribed share capital of that company or thirty per cent. of its own paid-up share capital and free reserves, whichever is less.

(5) If, on the commencement of the State Financial Corporations (Amendment) Act, 1972 (77 of 1972), any Financial Corporation is holding shares in excess of the limits specified in sub-section (4), the Corporation shall report the matter forthwith to the Reserve Bank and shall, within such period as the Reserve Bank may allow, so reduce its share holdings as to conform to the provisions of that sub-section.]

³[25A. Power to acquire rights.—The Financial Corporation shall have the right to acquire, by transfer or assignment, the rights and interests of any such financial institution as may be notified by the Central Government (including any other rights incidental thereto) in relation to any loan or advance granted or any amount recoverable by such institution, either in whole or in part, by the execution or issue of any instrument or by the transfer of any instrument by endorsement or in any other manner:

Provided that such loan or advance or amount relates to any business which the Financial Corporation may transact under this Act.]

⁴[25B. Gifts, grants etc.—The Financial Corporation may receive gifts, grants, donations or benefactions from Government or any other source.]

⁵[26. Limit of accommodation.—On and from the commencement of the State Financial Corporations (Amendment) Act, 2000, the Financial Corporation shall not enter into any arrangements under clause (a), (d) or (h) of sub-section (1) of section 25 with any industrial concern so that the total amount outstanding against that concern in respect of all such arrangements together with the amount of the face value of the shares and stocks of that concern whether subscribed or agreed to be subscribed and the outstanding liabilities on account of underwriting agreements and the deferred payments guarantees is more than—

- (i) five hundred lakhs of rupees in the case of a corporation established by or under any other law or a company as defined in section 3 of the Companies Act, 1956 (1 of 1956) or a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912) or any other law relating to co-operative societies for the time being in force; and
- (ii) two hundred lakhs of rupees in any other case:

1. Subs. by Act 52 of 1975, sec. 35, for "Reserve Bank" (w.e.f. 16-2-1975) and again subs. by Act 39 of 2000 sec. 17, for "Development Bank" (w.e.f. 5-9-2000).

2. Ins. by Act 77 of 1972, sec. 15 (w.e.f. 30-12-1972).

3. Ins. by Act 43 of 1985, sec. 16 (w.e.f. 21-8-1985).

4. Ins. by Act, 39 of 2000, sec. 18 (w.e.f. 5-9-2000).

5. Section 26 subs. by Act 6 of 1962, sec. 11 (w.e.f. 16-4-1962) and again subs. by Act 39 of 2000, sec. 19 (w.e.f. 5-9-2000).