

¹[Explanation 2.—If any doubt arises as to whether a concern is an industrial concern or not, the same shall be referred to the ²[Small Industries Bank] for its decision and the decision of the ²[Small Industries Bank] thereon shall be final;]

(d) "prescribed" means prescribed by rules or regulations made under this Act;

³[(da) the expression "public sector bank" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);]

(e) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934);

(f) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);

³[(fa) "Small Industries Bank" means the Small Industries Development Bank of India established under sub-section (1) of section 3 of the Small Industries Development Bank of India Act, 1989 (39 of 1989);]

⁴[(fb) "State Co-operative Bank" shall have the meaning assigned to it in clause (f) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934);

⁴[(fc) "State Government", in relation to a Union Territory, means the Administrator thereof;]

(g) "underwriting" means contract, with or without conditions, to subscribe for stocks, shares, bonds or debentures of an industrial concern with a view to the resale of the whole or any part thereof.

CHAPTER II

INCORPORATION OF STATE FINANCIAL CORPORATIONS, THEIR CAPITAL AND MANAGEMENT

3. Establishment of State Financial Corporations.—(1) The State Government may, by notification in the Official Gazette, establish a Financial Corporation for the State under such name as may be specified in the notification.

1. Ins. by Act 43 of 1985, sec. 2 (w.e.f. 21-8-1985).

2. Subs. by Act 39 of 2000, sec. 2, for "Development Bank" (w.e.f. 5-9-2000).

3. Ins. by Act 39 of 2000, sec. 2 (w.e.f. 5-9-2000).

4. Clauses (ff) and (fff) subs. by Act 6 of 1962, sec. 2, for clause (f) (w.e.f. 16-4-1962) and relettered as clauses (fb) and (fc) by Act 39 of 2000, sec. 2 (w.e.f. 5-9-2000).

(2) The Financial Corporation shall be a body corporate by the name notified under sub-section (1), having perpetual succession and a common seal, with power, subject to the provisions of this Act, to ¹[acquire, hold and dispose of] property and shall by the said name sue and be sued.

²[3A. Establishment of Joint Financial Corporations.—(1) Notwithstanding anything contained in section 3, two or more States may, after consultation with the ³[Small Industries Bank], enter into an agreement that there shall be one Financial Corporation for the group of States participating in the agreement and if the agreement is published in the Official Gazette of each of those States, the Central Government may, by notification in the Official Gazette, establish a Joint Financial Corporation to serve the needs of those States under such name as may be specified in the notification.

(2) An inter-State agreement under sub-section (1) among the participating States may—

(a) provide for the fixation of the authorised capital of the Joint Financial Corporation, the number of fully paid-up shares into which it shall be divided and the allocation among the participating States of the shares to be distributed under clause (a) of sub-section (3) of section 4;

(b) provide for the sharing of the liability for the guarantee under section 6 or section 7 ⁴[or section 8];

(c) provide for the number of directors to be nominated to the Board by each participating State Government;

(d) provide for the apportionment among the participating States of expenditure in connection with the Joint Financial Corporation;

⁵[* * *]

(f) determine which of the participating State Governments shall exercise the several functions of the State Government under this Act, and references in this Act to the State Government, in relation to the Joint Financial Corporation, shall, save as otherwise expressly provided, be construed accordingly;

(g) provide for consultation among the participating States either generally or with reference to particular matters arising under this Act;

(h) make such incidental and consequential provisions, not inconsistent with this Act, as may be deemed necessary or expedient for giving effect to the agreement.

(3) The Joint Financial Corporation shall be a body corporate by the name notified under sub-section (1), having perpetual succession and a common seal, with power,

1. Subs. by Act 56 of 1956, sec. 3, for "acquire and to hold" (w.e.f. 1-10-1956).

2. Ins. by Act 56 of 1956, sec. 4 (w.e.f. 1-10-1956).

3. Subs. by Act 52 of 1975, sec. 24, for "Reserve Bank" (w.e.f. 16-2-1976) and again subs. by Act 39 of 2000, sec. 3, for "Development Bank" (w.e.f. 5-9-2000).

4. Ins. by Act 6 of 1962, sec. 3 (w.e.f. 16-4-1962).

5. Clause (e) omitted by Act 43 of 1985, sec. 3 (w.e.f. 21-8-1985).