

THE BANGLADESH SMALL AND COTTAGE INDUSTRIES CORPORATION ACT, 1957

(EAST PAKISTAN ACT NO. XVII OF 1957).

[21st May, 1957]

¹ An Act to establish a Corporation for the purpose of promoting the development of ² small and cottage industries in Bangladesh.

WHEREAS it is expedient to establish a Corporation for the purpose of promoting the development of ³ small and cottage industries in Bangladesh;

It is hereby enacted as follows:-

Short title, extent and commencement

1. ⁴ (1) This Act may be called the Bangladesh Small and Cottage Industries Corporation Act, 1957.]

(2) It extends to the whole of ⁵ Bangladesh].

(3) It shall come into force on such date as the Government may, by notification in the official Gazette, appoint.

Interpretation

2. In this Act, unless there is anything repugnant in the subject or context,-

(a) "Board" means the Board of Directors of the Corporation;

(b) "borrower" means any person or persons or body of persons, whether incorporated or not, to whom a loan is made by the Corporation under this Act and the successors and assignees of such person or persons;

⁶ (bb) 'Chairman' means the Chairman of the Board;]

(c) "Corporation" means the Small and Cottage Industries Corporation established by this Act;

⁷ (cc) "cottage industry" means an Industry which is carried on primarily with the help of the members of a family either as a whole time or part time occupation and the total investment of which does not exceed such amount as the Government may, by notification in the official Gazette, fix but shall not include a factory under the Factories Act, 1965 (E. P. Act IV of 1965);]

⁸ * * *]

⁹ (dd) 'Director' means the Director of the Board;]

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

(f) "scheduled bank" means a bank for the time being included in the list of banks maintained under ¹⁰ clause (1) of Article 37 of the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972).]

¹¹ (g) 'small industry' means an industrial unit which is a factory as defined in clause (f) of section 2 of the Factories Act, 1965 (E.P. Act IV of 1965), and the total investment in fixed assets ¹² excluding] value of land of which does not exceed such amount as the Government may, by notification in the official Gazette, fix and such notification may be given retrospective effect;]

¹³[* * *] and

(i) "subsidiary corporation" means a corporation sponsored by the Small and Cottage Industries Corporation for the furtherance of its objectives, but operating in a specified area or areas or in respect of one or more specified industry.

Establishment and incorporation of Corporation

3. (1) A Corporation to be called "the Small and Cottage Industries Corporation" shall be established as soon as may be after the commencement of this Act.

(2) The Corporation shall be a body corporate by the name of the Small and Cottage Industries Corporation, having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire and hold property, both movable and immovable, and shall by the said name sue and be sued.

Share capital and shareholders

4. (1) The authorised capital of the Corporation shall, in the first instance, be one crore of Taka, divided into one lakh fully paid up shares of ¹⁴[Taka] 100 each. These shares may be issued and allotted by the Corporation from time to time with the previous sanction of the Government.

(2) The authorised capital may, with the previous approval of the Government, be increased from time to time by the Corporation.

(3) The Government shall be a share-holder of the Corporation and shall subscribe to and hold not less than fifty-one per centum of the shares issued by the Corporation at any time; the remaining shares shall be reserved for public subscriptions.

Guarantee by Government

5. (1) The amount subscribed on the shares of the Corporation and a minimum annual dividend thereon shall be guaranteed by the Government. Before the issue of any shares of the Corporation, the Government shall by notification in the official Gazette fix the minimum rates of dividend payable on the shares, and the Corporation shall annually and regularly pay to the share-holders a dividend not less than that fixed by the Government.

If at any time the Corporation is wound up, an amount not less than that subscribed on each share shall be payable to the share-holder.

(2) The shares and debentures of the Corporation shall be deemed to be "approved securities" for purposes of the [Trusts Act](#), 1882.

Management

6. (1) The general direction and administration of the Corporation and its affairs shall vest in a Board of Directors which, may exercise all powers and do all acts and things which may be exercised or done by the Corporation.

(2) The Board in discharging its functions shall act on commercial considerations and shall be guided on questions of policy by such directions as the Government, which shall be the sole judge whether a question is a question of policy, may give it.

(3) [Omitted by section 3 of the Bangladesh Small Industries Corporation (Amendment) Act, 1990 (Act No. LVII of 1990).]

Composition of Board

¹⁵[7. The Board shall consist of seven Directors to be appointed by the Government.]

Term of office of Directors

8. Each Director shall-

- (a) be a whole time officer of the Corporation;
- (b) perform such duties as the Board may, by regulations, assign to him;
- (c) divest himself of any directorship or other interest held by him in any other corporation, company, or concern other than public companies sponsored by the Corporation before assuming office as Director;
- (d) subject to the provision of section 11, hold office for a term of three years and may be re-appointed for a further term or terms of such duration as the Government may determine; and
- (e) receive such salary and allowances as the Government may determine.

Chairman

9. (1) The Government shall appoint one of the Directors to be the Chairman of the Board, who shall be the chief executive of the Corporation.

(2) Subject to his continuing to hold office as a Director, the Chairman shall hold office as Chairman for a term of three years and, subject as aforesaid, shall remain in office as Chairman thereafter until his successor in that office is appointed and may, subject as aforesaid, be appointed to hold that office for a further term or terms as the Government may determine.

(3) [Omitted by section 7 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976).]

Finance Director

10. The Government shall appoint one of the Directors to be the Finance Director, who shall exercise such powers and discharge such duties as may be prescribed by rules.

Disqualification of Directors

11. (1) No person shall be or shall continue to be Director who-

(a) is or at any time has been convicted of an offence involving moral turpitude; or

(b) is or at any time has been adjudicated insolvent; or

(c) is found to be lunatic or becomes of unsound mind; or

(d) is or at any time has been disqualified for employment in, or dismissed from, the service of ¹⁶[the Republic]; or

(e) is a minor.

(2) The Government may, by order in writing, remove the Chairman or a Director if he-

(a) refuses or fails to discharge or becomes, in the opinion of the Government, incapable of discharging his responsibilities under this Act; or

(b) has, in the opinion of the Government, abused his position as Chairman or Director; or

(c) has knowingly acquired or continued to hold, without the permission in writing, of the Government, directly or indirectly, or through a partner, any share or interest in any contract or employment with, by or on behalf of the Corporation, or in any property which, in his knowledge, is likely to benefit or has benefited as a result of the operations of the Corporation; or

(d) has absented himself from three consecutive meetings of the Board without the leave of the Government, in the case of the Chairman, or of the Chairman, in the case of the Director.

Vacancies etc not to invalidate act or proceeding of the Board

12. No act or proceeding of the Board shall be invalid by reason only of the existence of any vacancy in, or any defect in the constitution of, the Board.

Appointment of officers, etc

13. (1) Subject to such conditions as may be prescribed by rules, the Corporation may appoint or employ such persons, including consultants and advisers, as it considers necessary for the efficient performance of its functions.

(2) and (3) [Omitted by section 5 of the Bangladesh Small and Cottage Industries Corporation (Amendment) Act, 1990 (Act No. LVII of 1990).]

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14. [Chairman of the Board.- Omitted by section 11 of the East Pakistan Small Industries Corporation (Second Amendment) Ordinance, 1970 (East Pakistan Ordinance No. XVII of 1970).]

Technical Advisory Committee

15. The Corporation may appoint a Committee of experts to be called "the Technical Advisory Committee" to give it technical advice on schemes submitted to the Corporation for financial assistance or on any point that may be referred to the Committee by the Board.

Restriction on disclosure of information

16. No information given by a person applying for financial assistance and made known to the Committee shall be disclosed or used by any member of the Committee without the written consent of such person.

Meeting of the Board

17. (1) The meetings of the Board shall be held at such times and at such places as may be prescribed by regulations:

Provided that at least one meeting shall be held in a month:

Provided further that until such regulations are made in this behalf, such meetings shall be held at such times and at such places as may be determined by the Chairman.

¹⁷[(2) The number of Directors necessary for a quorum for transacting business at a meeting of the Board shall be three.]

(3) Each Director, including the Chairman, shall have one vote but, in the event of an equality of votes, the Chairman shall have a second or casting vote.

(4) The meetings of the Board shall be presided over by the Chairman, and, in his absence, by a Director authorised by him in this behalf, and, in default of such authorisation, by a person elected for the purpose by the Directors present from among themselves.

(5) The minutes of every meeting, stating among other things, the names of the Directors present, shall be drawn up and recorded in a book to be kept for the purpose, and shall be signed by the person presiding at the meeting, and such book shall, at all reasonable times and without charge, be open to inspection of any Director.

[]	18. [Fees for attending meetings.- Omitted by section 13 of the East Pakistan Small Industries Corporation (Second Amendment) Ordinance, 1970 (East Pakistan Ordinance No. XVII of 1970).]
Offices	19. The Corporation shall establish its Head Office in Dhaka.
Deposit accounts	20. The Corporation may ¹⁸ [* * *] open a deposit account with any approved Schedule Bank.
Investment of funds	21. The Corporation may invest its funds in such securities or in such other manner as may be prescribed by rules.
Borrowing power	<p>22. ¹⁹[(1) The Corporation may, with the previous approval of the Government, issue and sell bonds and debentures carrying interest at such rate as may be approved by the Government for the purpose of raising its working capital:</p> <p>Provided that the total of the sums due on such bonds and debentures issued and outstanding and of the contingent liabilities of the Corporation in respect of guarantees or underwriting agreements shall not at any time exceed Taka Twenty-five crore or such higher amount as the Government may, by notification in the official Gazette, fix.]</p> <p>(2) The bonds and debentures of the Corporation shall be guaranteed by the Government as to the repayment of principal and payment of interest at such rate as may be fixed by the Government at the time when the bonds and debentures are issued.</p> <p>²⁰[(3) The Corporation may, with the prior approval of the Government, borrow money for carrying out the purposes of this Act.]</p>
Deposits	23. The Corporation may accept deposits on such terms and conditions and to such extent as may be approved by the Government.
Functions of the Corporation	<p>24. (1) The ²¹[Corporation shall implement industrial policy of the Government in respect of small and cottage industries and] take such measures as it thinks fit to render assistance in the development of ²²[small and cottage industries].</p> <p>(2) In particular and without prejudice to the generality of the foregoing power, the Corporation may, in order to carry out the purposes of this Act,-</p> <p>(a) give loans to small and cottage industries;</p> <p>(b) give loans to subsidiary corporations and commercial and co-operative banks and societies for the development of small and cottage industries:</p> <p>Provided that the loans given or guaranteed under clauses (a) and (b) shall be repayable within a period not exceeding twenty years;</p> <p>(c) (i) prepare and submit to the Government schemes for the development of small and cottage industries, including schemes of research and mechanisation;</p> <p>(ii) after these schemes have been approved by the Government, proceed to give effect to them by itself or by sponsoring subsidiary corporations or public companies;</p> <p>(iii) act as managing agents of such subsidiary corporations or companies, being in any case, represented on their Board of Directors;</p>

(iv) issue the capital required by the aforesaid subsidiary corporations and companies for public subscription;

(v) if any portion of such capital remains unsubscribed for a period of four months from the date of issue, subscribe to such portion;

(vi) underwrite the whole or any portion of the share capital so issued; and

(vii) sell or transfer the shares subscribed to under sub-clause (v); provided that no such sale or transfer shall take place at a rate below the market quotation or below the par value of such shares without the previous sanction of the Government;

(d) arrange for the marketing of articles manufactured by small and cottage industries;

(e) maintain depots for the supply of raw materials to and purchase of finished products from small and cottage industries and also maintain common facility centres to afford common facilities to small and cottage industries; and

(f) prepare schemes to set up small industrial units in fields of high priority by itself or in collaboration with subsidiary corporations, public companies, partnership or persons execute them with the prior approval of the Government, and, after execution may transfer the ownership thereof for valuable consideration to any unit of subsidiary corporation, public company, partnership firm or persons, with the prior approval of, and on such terms as may be approved by the Government.

Explanation.- Loans may be made by the Corporation in kind and may be in the form of factory buildings, residential houses or machinery equipment and raw materials on hire purchase basis ²³;

(g) prepare and implement investment schedules for small and cottage industries;

(h) assist in setting up of small and cottage industries;

(i) provide assistance to sick small and cottage industries;

(j) register small and cottage industries;

(k) collect, collate and analyse industrial data and establish data bank for small and cottage industries to assist the Government in the formulation of policy in the field of small and cottage industries;

(l) assist entrepreneurs with information relating to small and cottage industries;

(m) develop manufacturing process and technology for development of small and cottage industries;

(n) assist small and cottage industries in the matter of entering into contract and establishing business connections with medium and big industries for the purpose of supplying to them their products;

(o) do such other acts and things as may be considered necessary for carrying out the purposes of this Act.]

²⁴ (3) Nothing in section 116 of the Companies Act, 1994 (Act 18 of 1994) shall apply to the Corporation.]

Registration of small and cottage industries, etc

²⁵[24A. (1) Any person who has set up a small or cottage industry or intends to set up such industry and desires to have assistance and help from the Corporation shall apply to it, in such manner as may be prescribed by regulations, for registration of such industry.

(2) An application for registration shall be allowed and the industry shall be registered if the Corporation is satisfied that the applicant has fulfilled all the conditions required for registration as may be prescribed by regulations.

(3) On the registration of an industry, the Corporation shall grant a certificate of registration to the applicant.

(4) The registration of an industry may be cancelled by the Corporation if it is satisfied that the industry for which the registration was granted has ceased to exist or, as the case may be, has not been set up within the period of one year from the date of its registration.

(5) The Corporation shall, on an application made by an industry registered under this section, give its decisions on all or any of the following matters, namely:-

(a) requirement of machinery, spare parts, components and raw materials;

(b) import entitlement in respect of machinery, spare parts, components and raw materials;

(c) terms and conditions of suppliers credits;

(d) terms and conditions of royalties, technical know-how and technical assistance fees;

(e) appointment of foreign personnel;

(f) allotment of land in the Corporation's estate.

(6) The Corporation shall, on an application made by an industry registered under this section, endeavour to facilitate the supply of electricity, water and gas and the providing of sewerage and telephone facilities within such time as may be agreed upon between the Corporation and the authorities or organizations concerned therewith.

Power of the Corporation to enter into agreements with financial institutions

24AA. The Corporation may enter into agreement with a financial institution in order that the latter may provide credit facilities to the small and cottage industries against adequate security subject to the condition that the losses and bad debts, if any, and the interest on the credit would be shared between the Corporation and the financial institution in the ratio agreed upon between them.

Explanation.- In this section, "financial institution" means the Bangladesh Bank, Bangladesh Shilpa Bank, Bangladesh Shilpa Rin Sangstha, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, any scheduled bank and a financial institution as defined in ²⁶[2(j) of the Financial Institutions Act, 1993 (Act 27 of 1993).]

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25. [Limit of accommodation.- Omitted by section 11 of the Bangladesh Small Industries Corporation (Amendment) Act, 1990 (Act No. LVII of 1990).]

Security for loans or subscriptions

26. No loan or subscription shall be made unless it is fully secured by pledge, mortgage, hypothecation or assignment of such property, movable or immovable, and of such value in proportion to the loan or subscription as may be prescribed:

Provided that where the loan or subscription is made to an individual and does not exceed

one thousand Taka in the aggregate, it may be secured by a bond with one surety.

Exemption from taxes

²⁷[26A. Notwithstanding anything contained in any other law for the time being in force, the Government may, by notification in the official Gazette, exempt the Corporation in respect of any estate established by it or any small or cottage industry registered under this Act from payment of any tax, rate or toll payable under any law for the time being in force:

Provided that no such exemption shall be granted unless the proposal for exemption is made by the Corporation.]

Interest on loans

27. The rate of interest chargeable on loans made by the Corporation shall be determined and notified by the Government from time to time.

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28. [Limits of loans.- Omitted by section 13 of the Bangladesh Small and Cottage Industries Corporation (Amendment) Act, 1990 (Act No. LVII of 1990).]

Power to impose conditions

29. (1) At the time of entering into any transaction under section 24, the Corporation may impose such conditions as it may think necessary or expedient for protecting its own interest and for securing that the loan, underwriting, subscription or other aid shall be put to the best use.

(2) Where aid is granted on the condition that a Director shall be appointed by the Corporation to the Board of a Company or a subsidiary Corporation or the Managing Committee of a Co-operative Society, such condition shall have effect notwithstanding anything contained in the ²⁸[Companies Act, 1994 (Act 18 of 1994)], or any other law for the time being in force.

Prohibited business

30. The Corporation shall not -

(a) accept deposits except as provided in or under this Act; or

(b) subscribe directly to the shares or stock of any company having limited liability except with the previous permission of the Government.

Loans in foreign currency

31. (1) For the purpose of granting a loan to any person in foreign currency, the Corporation may, with the previous consent of the Government ²⁹[* * *], borrow any such currency from the International Bank for Reconstruction and Development or Asian Development Bank or International Development Agency or from other sources, and may pledge, mortgage, hypothecate or assign to the said Bank or Agency or other lender all or any part of the security taken by the Corporation for the loan granted in foreign currency.

(2) [Omitted by section 14 of the Bangladesh Small and Cottage Industries Corporation (Amendment) Act, 1990 (Act No. LVII of 1990).]

Power to demand immediate payment of the entire sum

32. (1) Notwithstanding anything in any agreement, if-

(a) it is found that the loan was obtained by information supplied by the borrower which was false or misleading in any material particular; or

(b) the borrower is found to have committed a breach of the terms of his agreement with the Corporation relating to the loan; or

(c) the loan or any part of it is found to have been utilised otherwise than for the purpose for which it was made; or

(d) there is a reasonable apprehension that the borrower will be unable to pay his debts or may go into liquidation; or

(e) the property pledged, mortgaged, hypothecated or assigned to the Corporation as security for the loan is not kept in a proper condition by the borrower or the property has depreciated in value by more than the prescribed percentage and the borrower is unable to give additional security to the satisfaction of the Corporation; or

(f) without the permission of the Board the house, land or other property mortgaged as security for the loan is in any way disposed of or charged by the borrower; or

(g) without the permission of the Board, machinery or other equipment is removed from the premises of the borrower's industrial establishment without being replaced; or

(h) for any other reason, it is necessary in the opinion of the Board to do so in order to protect the interest of the Corporation;

any officer of the Board authorised generally or specially in this behalf by the Board may by notice call upon the borrower to pay up the entire sum then remaining unpaid by the borrower in respect of the loan and the interest payable thereon, or any lesser sum, or require the borrower to comply with such directions as the Board may consider it necessary to give in order to safeguard its interest.

(2) Such notice shall specify the time within which the borrower was required to make the payment or to carry out the directions given, and shall also contain a warning that, if the borrower fails to pay the amount demanded or to carry out the directions given within the time specified, the Board may issue a certificate certifying the borrower to be a defaulter and certifying the sum due from the borrower to be recoverable as arrears of land revenue.

Certification of sums recoverable

33. (1) If the borrower fails to make the payment demanded or to carry out the directions given in a notice under section 32 within the time specified in the notice, the Board may issue a certificate in the prescribed form and manner certifying the borrower to be a defaulter and certifying the aggregate sum, including interest, payable by the borrower to the Corporation on and up to the date of the certificate and the rate at which interest was payable thereon thereafter.

(2) Subject to the provisions of sub-section (3), a certificate issued under sub-section (1) shall be conclusive evidence that the sums certified in the certificate together with further interest at the rate certified were recoverable by the Corporation from the borrower, and such sums shall be immediately recoverable as arrears of land revenue.

(3) The borrower may appeal to the Government against a certificate issued under sub-section (1) within 15 days of its issue and the Government may cancel or modify the certificate.

Special Provisions for enforcement of claims of the Corporation

³⁰ 34. (1) Notwithstanding anything contained in any other law for the time being in force or any agreement to the contrary, where the Corporation becomes entitled to require the immediate payment of any loan before the due date by reason of the breach of any condition of any agreement between the Corporation and a borrower, or any borrower liable for payment of that loan fails to repay the loan by the due date, or a certificate under section 33 has been issued and is subsisting against a borrower, an officer of the Corporation, generally or specially authorised by the Corporation in this behalf, may, with a court fee of one taka, apply to the District Judge within the local limits of whose jurisdiction the borrower's house or the industrial concern in respect of which the loan was made or any immovable or movable property charged as security is situated, or the office of the Corporation from which the loan was disbursed or any branch office of the Corporation is situated, for one or more of the following reliefs, namely:-

(a) an order for the sale of the property pledged, mortgaged, hypothecated or assigned to the Corporation as security for the loan and such other property of the borrower or his surety or both as in the opinion of the Corporation may be sufficient to cover the claim of the

Corporation against the borrower; or

(b) transfer of the management of the concern to the Corporation; or

(c) an ad interim injunction restraining the borrower or his surety or both from removing, transferring or disposing of any of the properties referred to in clause (a).

(2) An application under sub-section (1) shall state the nature and extent of the liability of the borrower to the Corporation, the ground on which it is made and such other particulars as may be prescribed.

(3) When the application is for the relief mentioned in clause (a) or clause (c) of sub-section (1), the District Judge shall pass an ad interim order attaching the property referred to in clause (a) as aforesaid or such other property of the borrower or of the persons liable for payment of the loan or of both as is likely in the opinion of the District Judge, would be sufficient to meet the dues of the Corporation together with the costs of the proceedings taken under this section, with or without an injunction ad interim restraining the borrower or as the case may be, his surety or both from transferring, removing or disposing of any of the properties without the consent of the Corporation.

(4) Where the application is for relief mentioned in clause (b) of sub-section (1), the District Judge shall grant an ad interim injunction restraining the borrower or as the case may be, his surety or both from transferring, removing or disposing any of the properties and shall issue a notice calling upon the borrower or as the case may be upon the surety or both into show-cause, on a date to be specified in the notice why the management of the concern should not be transferred to the Corporation.

(5) Before passing any order under sub-section (3), or sub-section (4), the District Judge may, if he thinks fit, examine the person making the application.

(6) At the time of passing an order under sub-section (3), the District Judge shall issue to the borrower or as the case may be, his surety or both, a notice accompanied by a copy of the order, the application and evidence, if any, recorder at the time of the order under sub-section (3), calling upon the borrower and his surety to show-cause on a date to be specified in the notice, why the order of ad interim attachment should not be made absolute or the injunction be not confirmed.

(7) If no cause is shown on or before the date specified in the notice under sub-section (4) or sub-section (6), the District Judge shall forthwith make an order directing transfer of the management of the concern to the Corporation, or sale of the property attached under sub-section (3), or confirm the interim Orders.

(8) If cause is shown, the District Judge shall proceed to investigate the claim of the Corporation and the provisions of the [Code of Civil Procedure](#), 1908, shall, as far as practicable, apply to such proceedings.

(9) On completing an investigation under sub-section (8) the District Judge shall pass an order-

(a) Confirming the order of attachment or directing the sale of the attached property, or

(b) varying the order of attachment so as to release a portion of the property from attachment and directing the sale of the remainder of the attached property, or

(c) releasing the property from attachment, if he is satisfied that it is not necessary in the interest of the Corporation to retain it under attachment, or

(d) confirming or vacating the order of injunction, or

(e) transferring or refusing to transfer to management of the concern to the Corporation:

Provided that when making any order under clause (c), the District Judge may make such further orders as he thinks necessary to protect the interests of the Corporation and may

apportion the cost of the proceedings in such manner as he thinks fit:

Provided further that unless the Corporation intimates to the District Judge that it will not appeal against any order releasing any property from attachment such order shall not be executed until the expiry of the period mentioned in sub-section (11) or if an appeal is preferred, unless the ³¹[High Court Division] otherwise directs, until the appeal is disposed of.

(10) An order under this section for the attachment or sale of property shall be carried into effect as far as may be in the manner provided in the [Code of Civil Procedure](#), 1908, for the attachment or sale of property in execution of a decree as if the Corporation were the decree-holder.

(11) Any party aggrieved by an order under sub-section (7) or sub-section (9) may, within sixty days from the date of the order, appeal to ³²[High Court Division] and upon such appeal the appellate court may, after hearing the parties, pass such orders as it thinks proper.]

Act XVIII of 1891 to apply to the books of the Corporation

35. The Corporation shall be deemed to be a Bank for the purpose of the Banker's Book [Evidence Act](#), 1891.

Disposal of profit

36. After making provision for bad and doubtful debits, depreciation of assets and any other matters which are usually provided for by bankers, the Corporation may, out of its net annual profit, establish a Reserve Fund and declare a dividend:

Provided that as long as the Reserve Fund remains less than the paid-up share capital of the Corporation and as long as any sums paid by the Government under any guarantee given in pursuance of section 5 or under any guarantee in pursuance of sub-section (2) of section 22 are not fully repaid to the Government by the Corporation, the rate of such dividend shall not exceed the rate guaranteed by the Government under section 5 :

Provided further that no such dividend shall exceed the rate of five per centum per annum, and if in respect of any financial year after the Reserve Fund has become equal to the share capital of the Corporation, there remains after declaring a dividend at the aforesaid rate any surplus, such surplus shall be paid to the Government.

General meetings

37. (1) A general meeting (hereinafter referred to as the annual general meeting) shall be held at the office of the Corporation annually within two months from the date on which the annual accounts of the Corporation are closed and a general meeting may be convened by the Board at any other time.

(2) The share-holders present at the annual general meeting shall be entitled to discuss the annual accounts, the annual report of the Board on the working of the Corporation and the auditors' report on the annual balance sheet and accounts, and to express their views in the form of resolutions; and the Corporation shall consider such views and give such effect to them as it considers fit.

Audit

38. (1) The accounts of the Corporation shall be audited by auditors who shall be chartered accountants within the meaning of the ³³[Bangladesh Chartered Accountants Order, 1973,] and appointed by the Government on such remuneration as it may fix, and such remuneration shall be paid by the Corporation.

(2) Every auditor appointed under sub-section (1) shall be given a copy of the annual balance sheet of the Corporation, and shall examine it together with the accounts and vouchers relating thereto, and shall have a list delivered to him of all books kept by the Corporation, and shall at all reasonable times have access to the books, accounts and other documents of the Corporation, and may in relation to such accounts examine any Director or officer of the Corporation.

(3) The auditors shall report to the share-holders upon the annual balance sheet and accounts and in their report they shall state whether in their opinion the balance sheet exhibits a true

and correct view of the state of the Corporation's affairs according to the best of their information and the explanations given to them and as shown by the books of the Corporation, and whether in their opinion books of accounts have been kept by the Corporation in a proper manner and, in case they have called for any explanation or information from the Board, whether it has been given and whether it is satisfactory.

(4) The Government may at any time issue directions to the auditors requiring them to report to it upon the adequacy of the measures taken by the Corporation for the protection of the interests of its share-holders and creditors or upon the sufficiency of their procedure in auditing the affairs of the Corporation, and may at any time enlarge or extend the scope of the audit or direct that a different procedure in audit be adopted or that any other examination be made by the auditor if in its opinion the public interest so requires.

Returns

39. (1) The Corporation shall furnish to all share-holders within ten days of the date to which the statement relates, a statement in the prescribed form of its assets and liabilities as they stand at the close of business on the last Thursday of each month, or if that day is a public holiday under the [Negotiable Instruments Act](#), 1881, then as they stand at the close of business on the preceding working day.

(2) The Corporation shall furnish in the prescribed form to the Government such returns and statements at such intervals as the Government may require from time to time.

(3) The Corporation shall furnish to the Government within two months of the close of the financial year an audited statement in the prescribed form of its assets and liabilities as they stand at the close of that year together with a profit and loss account for the year and a report on the working of the Corporation during the year, and copies of the said statement, account and report shall be published in the official Gazette and shall be laid before the ³⁴[Parliament].

Liquidation of Corporation

40. No provision of law relating to the winding up of companies or corporations shall apply to the Corporation and the Corporation shall not be wound up save by order of the Government and in such manner as it may direct.

Indemnity of Directors

41. (1) Every Director shall be indemnified by the Corporation against all losses and expenses incurred by him in the discharge of his duties except such as are caused by his own wilful act or default.

(2) A Director shall not be personally responsible for the acts of any other Director or of any officer or ³⁵[employee] of the Corporation for any loss or expense resulting to the Corporation by reason of the insufficiency or deficiency in value of or title to any property or security acquired or taken on behalf of the Corporation or by the wrongful act of any person under a liability to the Corporation, or by anything done by him in good faith in the execution of the duties of his office.

Declaration of fidelity and secrecy

42. Every Director, auditor, officer or ³⁶[employee] of the Corporation shall, before entering upon his duties, make a declaration of fidelity and secrecy.

Public servants

³⁷[42A. The Chairman, Directors, Officers, advisers or employees of the Corporation shall, while acting or purporting to act in pursuance of the provisions of this Act or the rules or regulations made thereunder, be deemed to be public servants within the meaning of section 21 of the ³⁸[* * *] [Penal Code](#).]

Provision relating to income-tax and super-tax

43. For the purposes of the ³⁹[Income-Tax Ordinance, 1984 (XXXVI of 1984)], the Corporation shall be deemed to be a company within the meaning of that Act, and shall be liable to income-tax and super-tax accordingly on its income, profits and gains:

Provided that any sum paid by the Government under the guarantee given in pursuance of section 5 or under any guarantee given in pursuance of sub-section (2) of section 22 shall not be treated as part of the income, profits and gains of the Corporation, and any interest on

debentures or bonds paid by the Corporation out of such sum shall not be treated as expenditure incurred by it.

Offences

44. (1) Whoever wilfully makes a false statement or knowingly makes use of any false statement for the purpose of obtaining a loan from the Corporation or of inducing the Corporation to accept any security in any form or kind shall be punishable with imprisonment for a term which may extend to two years, or with a fine which may extend to ⁴⁰[twenty thousand taka], or with both.

(2) Whoever being a member of the Board or of any Committee of the Corporation discloses or uses for a purpose not connected with the discharge of his duties as a member of the Board or of such Committee any information supplied to the Corporation or to the Board or to the Committee by a person applying for financial assistance shall be punishable with imprisonment for a term which may extend to six months, or with a fine which may extend to ⁴¹[ten thousand taka], or with both.

(3) No Court shall take cognizance of any offence punishable under this Act otherwise than on a complaint in writing signed by an officer of the Corporation authorised by the Board in this behalf.

Power of Government to make rules

45. The Government may make rules not inconsistent with this Act for the purpose of giving effect to the provisions of this Act, and where the regulations framed under the next succeeding section are inconsistent with the rules, the rules shall prevail.

Power of the Board to make regulations

46. (1) The Board may, with the previous sanction of the Government, make regulations not inconsistent with this Act or the rules made under this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing powers, such regulations may provide for-

⁴²[* * *]

(b) the manner in which and the conditions subject to which the first allotment of the shares of the Corporation shall be made;

(c) the manner in which and the conditions subject to which the shares of the Corporation may be held and transferred, and generally all matters relating to the rights and duties of the share-holders;

(d) the manner in which the general meeting shall be convened, the procedure to be followed thereat, and the manner in which the right to vote may be exercised;

(e) the calling of the meetings of the Board ⁴³[* * *], fees for attending the meeting thereof and the conduct of business thereat;

(f) the manner and terms of issue and redemption of bonds and debentures by the Corporation;

(g) the conditions subject to which the Corporation may grant loans;

(h) the form and manner of determining the sufficiency of the security taken under section 26;

(i) the manner in which and the conditions subject to which the Corporation may borrow in foreign currency from foreign lenders;

(j) the form of returns and statements required under this Act;

(k) the terms and conditions of service, duties and conduct of officers and servants and agents of the Corporation;

(l) the disclosure of interest, direct or indirect, of a Director of the Board in any application for loan;

(m) the taking over of, and the management of the business of a subsidiary corporation or a company or co-operative society committing a breach of its agreement with the Corporation;

(n) the preparation of annual estimates of income and expenditure of the Corporation in the prescribed form and their submission to the Board and the Government for approval on prescribed dates; and

(o) the efficient conduct of the affairs of the Corporation generally.

(3) All regulations made under this section shall be published in the official Gazette, and shall come into force on such publication.

¹ Throughout this Act, the words "Government", "Taka" and "Small and Cottage Industries" were substituted for the words "Provincial Government", "rupees" and "Small Industries" respectively by section 2 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

² The words "small and cottage industries in Bangladesh" were substituted for the words "small and cottage industries in East Pakistan" by Article 2 of the Small Industries Corporation (Amendment) Order, 1972 (President's Order No. 156 of 1972)

³ The words "small and cottage industries in Bangladesh" were substituted for the words "small and cottage industries in East Pakistan" by Article 2 of the Small Industries Corporation (Amendment) Order, 1972 (President's Order No. 156 of 1972)

⁴ Sub-section (1) was substituted by Article 3 of the Small Industries Corporation (Second Amendment) Order, 1972 (President's Order No. 156 of 1972)

⁵ The word "Bangladesh" was substituted for the words "East Pakistan" by section 3 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

⁶ Clause (bb) was inserted by section 2 of the East Pakistan Small Industries Corporation (Second Amendment) Ordinance, 1970 (East Pakistan Ordinance No. XVII of 1970)

⁷ Clause (cc) was substituted by section 2 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

⁸ Clause (d) was omitted by section 4 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1975 (Act No. XXIII of 1975)

⁹ Clause (dd) was inserted by section 2 of the East Pakistan Small Industries Corporation (Second Amendment) Ordinance, 1970 (East Pakistan Ordinance No. XVII of 1970)

¹⁰ The words, brackets, figures and comma "clause (1) of Article 37 of the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972)" were substituted for the words, brackets, figures and comma "sub-section (1) of section 37 of the State Bank of Pakistan Act, 1956" by section 4 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

¹¹ Clause (g) was substituted by section 4 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1975 (Act No. XXIII of 1975)

¹² The word "excluding" was substituted for the word "including" by section 2 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

¹³ Clause (h) was omitted by section 4 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

¹⁴ The word "Taka" was substituted for the word "Rs" by section 5 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

¹⁵ Section 7 was substituted by section 4 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

¹⁶ The words "the Republic" were substituted for the word "Pakistan" by section 8 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

¹⁷ Sub-section (2) was substituted by section 6 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

¹⁸ The commas and words " , with prior approval of the Government," were omitted by section 7 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

¹⁹ Sub-section (1) was substituted by section 6 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1975 (Act No. XXIII of 1975)

²⁰ Sub-section (3) was added by section 8 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

²¹ The words "Corporation shall implement industrial policy of the Government in respect of small and cottage industries and" were substituted for the words "Corporation shall" by section 9 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

²² The words "small and cottage industries" were substituted for the words "cottage and small industries in East Pakistan" by Article 2 of the Small Industries Corporation (Amendment) Order, 1972 (President's Order No. 156 of 1972)

²³ The semi-colon (;) was substituted for the full stop (.) and clauses (g) to (o) were added by section 9 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act No. LVII of 1990)

²⁴ Sub-section (3) was substituted by section 3 and the Second Schedule of the [Bangladesh Laws \(Revision And Declaration\) Act](#), 1973 (Act VIII of 1973)

²⁵ Sections 24A and 24AA were substituted for section 24A by section 10 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act](#), 1990 (Act

²⁶ The figures, brackets, letter, words and comma “2(j) of the Financial Institutions Act, 1993 (Act 27 of 1993)” were substituted for the words, figures, brackets, letter and comma by “section 50(c) of the [Bangladesh Bank Order, 1972](#) (President’s Order No. 127 of 1972)” by section 3 and the Second Schedule of the [Bangladesh Laws \(Revision And Declaration\) Act, 1973](#) (Act VIII of 1973)

²⁷ Section 26A was inserted by section 12 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act, 1990](#) (Act No. LVII of 1990)

²⁸ The words, comma, figures and brackets “Companies Act, 1994 (Act 18 of 1994)” were substituted for the words, comma, figures and brackets “Companies Act, 1913 (VII of 1913)” by section 3 and the Second Schedule of the [Bangladesh Laws \(Revision And Declaration\) Act, 1973](#) (Act No. VIII of 1973)

²⁹ The words “and the Government of Pakistan” were omitted by section 9 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

³⁰ Section 34 was substituted by Article 2 of the Small Industries Corporation (Amendment) Order, 1972 (President’s Order. No. 109 of 1972)

³¹ The words “High Court Division” were substituted for the words “High Court” by section 10 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

³² The words “High Court Division” were substituted for the words “High Court” by section 10 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

³³ The words, commas and figure “Bangladesh Chartered Accountants Order, 1973,” were substituted for the words, commas and figure “Chartered Accountants Ordinance, 1961,” by section 11 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

³⁴ The word “Parliament” was substituted for the words “Provincial Legislature” by Article 6 of the Small and Industries Corporation (Second Amendment) Order, 1972 (President’s Order No. 156 of 1972)

³⁵ The word “employee” was substituted for the word “servant” by section 15 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act, 1990](#) (Act No. LVII of 1990)

³⁶ The word “employee” was substituted for the word “servant” by section 16 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act, 1990](#) (Act No. LVII of 1990)

³⁷ Section 42A was inserted by section 9 of the East Pakistan Small Industries Corporation (Amendment) Ordinance, 1970 (East Pakistan Ordinance No. III of 1970)

³⁸ The word “Pakistan” was omitted by section 12 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

³⁹ The words, comma, figures and brackets “Income-Tax Ordinance, 1984 (XXXVI of 1984)” were substituted for the words, comma, figures and brackets “Income-Tax Act, 1922 (XI of 1922)” by section 3 and the Second Schedule of the [Bangladesh Laws \(Revision And Declaration\) Act, 1973](#) (Act VIII of 1973)

⁴⁰ The words “twenty thousand taka” were substituted for the words “two thousand taka” by section 17 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act, 1990](#) (Act No. LVII of 1990)

⁴¹ The words “ten thousand taka” were substituted for the words “one thousand taka” by section 17 of the [Bangladesh Small and Cottage Industries Corporation \(Amendment\) Act, 1990](#) (Act No. LVII of 1990)

⁴² Clause (a) was omitted by section 13 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)

⁴³ The words “and of the Executive Committee” were omitted by section 13 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976)