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The Faridabad Development Corporation Act, 1956

(ACT NO. 90 OF 1956)

[*As on the 1st June,* 2026]

LIST OF AMENDING ACTS

The Delegated Legislation Provisions (Amendment) Act, 2004 (4 of 2005).

LIST OF ABBREVIATIONS USED

S., ss.	„	Section, sections.
Subs.	„	Substituted.
w.e.f.	„	with effect from.

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THE FARIDABAD DEVELOPMENT CORPORATION ACT, 1956

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THE FARIDABAD DEVELOPMENT CORPORATION ACT, 1956

ACT NO. 90 OF 1956

[28*th December*, 1956.]

An Act to provide for the establishment and regulation of a trading Corporation for the purpose of carrying on and promoting trade and industry in the town of Faridabad, assisting in the rehabilitation of displaced persons settled therein and for matters connected therewith.

BE it enacted by Parliament in the Seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title.—This Act may be called the Faridabad Development Corporation Act, 1956.

2. Definitions.—In this Act, unless the context otherwise requires,—

(*a*) "Corporation" means the Faridabad Development Corporation established under section 3;

(*b*) "displaced person" means any person who, on account of the setting up of the Dominions of India and Pakistan or on account of civil disturbances or the fear of such disturbances in any area now forming part of Pakistan, has, after the 1st day of March, 1947, left, or been displaced from, his place of residence in such area and who has been subsequently residing in India;

(*c*) "Faridabad" means the new township at Faridabad in the district of Gurgaon in the State of [1][Haryana], the area of which is described in the Schedule;

(*d*) "member" means a member of the Faridabad Development Corporation and includes its Chairman;

(*e*) "prescribed" means prescribed by rules made under this Act.

CHAPTER II

ESTABLISHMENT OF THE CORPORATION

3. Incorporation.—(*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established a Corporation by the name of the Faridabad Development Corporation.

(*2*) The said Corporation shall be a body corporate having perpetual succession and a common seal, and shall by the said name sue and to be sued.

4. Constitution of the Corporation.—The Corporation shall consist of a Chairman and such other members, being not less than four and not more than eight, as the Central Government may, by notification in the Official Gazette, appoint.

5. Term and conditions of service of member.—(*1*) The term of office and conditions of service of the Chairman and other members shall be such as may be prescribed.

(*2*) The Chairman or any other member may resign his office by writing under his hand addressed to the Central Government, but he shall continue in office until the appointment of his successor is notified in the Official Gazette.

(*3*) A casual vacancy created by the resignation of the Chairman or any other member under sub-section (*2*) or for any other reason shall be filled by fresh appointment.

6. Disqualification for being appointed, or for continuing as, member of the Corporation.—A person shall be disqualified for being appointed or for continuing as a member of the Corporation if he

1. Subs. by the Punjab Reorganisation and Delhi High Court (Adaptation of Laws on Union Subjects) Order, 1968, for "Punjab" (w.e.f. 1-11-1966).

has, directly or indirectly, any interest in a subsisting contract made with, or in any work being done for, the Corporation except as a shareholder (other than a director) in an incorporated company:

Provided that where he is a shareholder, he shall disclose to the Central Government the nature and extent of shares held by him in such company.

7. Temporary absence of any member.—If any member of the Corporation is by infirmity or otherwise rendered temporarily incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Central Government may appoint another person to act in his place during his absence.

8. Vacancies amongst members or defect in the constitution not to invalidate acts or proceedings of the Corporation.—No act or proceeding of the Corporation shall be invalid by reason only of the existence of any vacancy amongst its members or any defect in the constitution thereof.

9. Committees of the Corporation.—The Corporation may constitute such committees for general or special purposes as the Corporation deems necessary to carry out the purposes of this Act.

10. Meetings of the Corporation.—(*1*) The Corporation shall meet for the transaction of business at such times and places as may be prescribed:

Provided that the Chairman may, whenever he thinks fit, and shall, upon the written requisition of not less than two members, call a special meeting.

(*2*) The Chairman or, in his absence, any member chosen by the members present from among themselves, shall preside at a meeting of the Corporation.

(*3*) All questions which come before any meeting of the Corporation shall be decided by majority of votes of the members present, and in the case of an equality of votes, the Chairman, or in his absence, any other person presiding, shall have a second or casting vote.

11. Authentication of orders and other instruments of the Corporation.—All orders and decisions of the Corporation shall be authenticated by the signature of the Chairman or any other member authorised by the Corporation in this behalf, and all other instruments issued by the Corporation shall be authenticated by the signature of the Administrator or any other officer of the Corporation authorised in like manner in this behalf.

12. Appointment of Administrator and other officer of the Corporation.—(*1*) There shall be an Administrator of the Corporation who shall be appointed by the Central Government.

(*2*) The Administrator shall be the chief executive officer of the Corporation and all other officers of the Corporation shall be subordinate to him.

(*3*) The Administrator shall have the right to take part in the discussions of the Corporation or of any of its committees but shall not have the right to vote at the meetings of the Corporation or of any of its committees:

Provided that when one of the members of the Corporation is appointed under sub-section (*1*) as the Administrator, such Administrator shall have all the rights and privileges of a member.

(*4*) The Corporation may appoint such other officers as it may consider necessary for the efficient performance of its functions under this Act.

CHAPTER III

POWERS AND FUNCTIONS OF THE CORPORATION

13. General duty of the Corporation.—It shall be the general duty of the Corporation to carry on and promote trade, business and industry in Faridabad, to assist in the rehabilitation of displaced persons settled therein and to manage and develop the property of the Union vested in the Corporation.

14. Powers of the Corporation.—(*1*) The Corporation may exercise all such powers as may be necessary or expedient for the purpose of carrying out its functions under this Act.

(*2*) Without prejudice to the generality of the foregoing provision, such power shall include the power—

(*a*) to acquire and hold such property, both movable and immovable, as the Corporation may deem necessary for efficiently performing its functions under this Act and to make improvements in such property and to transfer by way of sale, lease or otherwise any such property;

(*b*) to carry on or promote any trade, business or industry;

(*c*) to give financial or other assistance to persons to enable them to carry on trade, business or industry in Faridabad primarily with a view to providing employment to, and rehabilitating, displaced persons settled therein;

(*d*) to construct or cause to be constructed residential or other buildings and to sell or let such buildings or cause them to be sold or let, on such terms as may be prescribed;

(*e*) to advance loans on such terms and for such purposes as may be prescribed;

(*f*) to supply or cause to be supplied, in accordance with the law for the time being in force, electrical energy for domestic and industrial purposes at reasonable rates;

(*g*) to take such other measures as the Corporation may deem necessary for the rehabilitation of displaced persons settled in Faridabad;

(*h*) to take such steps as may be necessary for improving the economic and social conditions of the inhabitants of Faridabad.

(*3*) Nothing in this section shall affect the exercise of any power or the performance of any function by any local authority having jurisdiction in Faridabad.

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15. Capital of the Corporation.—All non-recurring expenditure incurred by the Central Government or the body known as the Faridabad Development Board for and in connection with the development of Faridabad or for any of the purposes referred to in this Act upto the date of the establishment of the Corporation and declared to be capital expenditure by the Central Government shall be treated as the capital provided by the Central Government to the Corporation.

16. Grants and loans to the Corporation.—The Central Government may, after due appropriation made by Parliament by law in this behalf, make such grants and advance such loans to the Corporation as the Central Government may deem necessary for the performance of the functions of the Corporation under this Act; and all grants made and all loans advanced shall be on such terms and conditions as the Central Government may determine.

17. Vesting of property in the Corporation.—All property, assets and funds owned or acquired by the Central Government or purporting to have been owned or acquired by the body known as the Faridabad Development Board for the purposes of the development of Faridabad or for any of the purposes referred to in this Act before the establishment of the Corporation shall, on such establishment, vest in the Corporation unless the Central Government otherwise directs in respects of any part of such property, assets or funds.

18. Repayment of capital and loan with interest.—The Corporation shall repay, at such intervals and on such terms as the Central Government may determine, the amount of capital provided under section 15 and all loans advanced under section 16 with interest at such rate as may, from time to time, be fixed by that Government and such repayment of capital or loan or payment of interest shall be deemed to be part of the expenditure of the Corporation.

19. Corporation to have rights and liabilities of the Central Government in certain cases.—(*1***)** All rights, liabilities and obligations of the Central Government which, whether arising out of any contract or otherwise, were acquired or incurred by it in connection with any transaction for the development of Faridabad or for any of the purposes referred to in this Act before the establishment of the Corporation, shall be deemed to have been acquired or incurred by the Corporation and shall be the rights, liabilities and obligations, respectively, of the Corporation.

(*2*) All suits or other legal proceedings instituted or which might but for the issue of the notification under sub-section (*1*) of section 3 has been instituted by or against the Central Government may be continued or instituted by or against the Corporation.

20. Fund of the Corporation.—(*1*) The Corporation shall have its own Fund and all receipts of the Corporation shall be carried thereto and all payments by the Corporation shall be made therefrom.

(*2*) All moneys belonging to the Fund shall be deposited in such bank or invested in such manner as may be decided by the Corporation.

21. Provision for depreciation and reserve and other funds.—(*1*) The Corporation shall make such provision for depreciation and for reserve and other funds as the Central Government may from time to time direct.

(*2*) The management of these funds, the sums to be carried from time to time to the credit thereof and the application of the moneys comprised therein shall be determined in accordance with such directions as the Central Government may from time to time issue.

22. Power of the Corporation to spend.—The Corporation shall have power to spend such sums as it thinks fit for performing its functions under this Act, and such sums shall be treated as expenditure payable out of the Fund of the Corporation.

23. Budget.—The Corporation shall prepare, in such form and at such time each year as may be prescribed, a budget in respect of every financial year next ensuing showing the estimated receipts and expenditure, and copies thereof shall be forwarded to the Central Government.

24. Annual report.—The Corporation shall prepare in such form and at such time each year as may be prescribed an annual report giving a true and full account of its activities during the previous financial year and copies thereof shall be sent to the Central Government and the Government of the State of Punjab.

25. Accounts and audit.—(*1*) The Corporation shall cause to be maintained such books of account and other books in relation to its accounts in such form and in such manner as may be prescribed.

(*2*) The accounts of the Corporation shall be audited at such times and in such manner as may be prescribed.

26. Amount due to the Corporation to be first charge.—(*1*) Notwithstanding anything contained in any other law, where a loan has been advanced to any person for the construction of a building or where a building has been transferred to any person, the amount due to the Corporation on account of the loan or transfer together with interest thereon shall be a first charge on the building so constructed or transferred.

(*2*) The Corporation may also take such further security as it may consider necessary for advancing any loan or for transferring any building.

CHAPTER IV

MISCELLANEOUS

27. Direction.—For the purposes of this Act, the Central Government may, from time to time, give to the Corporation such general or special directions as the Central Government thinks fit and in the performance of the functions, the Corporation shall comply with such directions.

28. Returns and reports.—The Corporation shall furnish to the Central Government such returns, statistics, accounts and other information with respect to its property or activities as the Central Government may from time to time require.

29. Mode of recovery of moneys due to the Corporation.—When any money is due to the Corporation from any person, then, without prejudice to any other mode of recovery, the Corporation may, after giving that person an opportunity of being heard, issue a certificate to the Collector of the amount due and the Collector shall proceed to recover that amount in the same manner as an arrear of land revenue.

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30. Delegation of powers.—The Corporation may, by general or special order in writing, delegate to the Chairman or any other member or any officer of the Corporation, subject to such conditions and limitations (if any) as may be specified in the order, such of its powers and duties under this Act as it may deem necessary for the efficient running of the day-to-day administration of the Corporation.

31. Members and officers of the Corporation to be public servants.—All members and officers of the Corporation shall, when acting or purporting to act in pursuance of any of the provisions of this Act, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

32. Removal of disqualification for membership of Parliament.—It is hereby declared that the office of the member of the Corporation shall not disqualify its holder for being chosen as, or for being, a member of either House of Parliament.

33. Bar of legal proceedings.—No suit or other legal proceedings shall lie against any member or officer of the Corporation in respect of anything which is in good faith done or intended to be done in pursuance of this Act.

34. Validation of certain transactions.—On the establishment of the Corporation under section 3,—

(*a*) all action purporting to have been taken, and all transactions purporting to have been made, by or with the body known as the Faridabad Development Board (including any action or transaction by which any property, asset or right was purported to have been acquired or any liability or obligation, whether by contract or otherwise, was purported to have been incurred) shall be deemed to have been validly and lawfully taken or made by or with the Corporation as if this Act were in force and the Corporation were in existence on the day on which such action was taken or transaction was made; and

(*b*) in particular, and without prejudice to the generality of the foregoing provision,—

(*i*) all property and assets vesting in the body known as the Faridabad Development Board shall vest in the Corporation;

(*ii*) all rights, liabilities and obligations of the body known as the Faridabad Development Board, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations, respectively, of the Corporation; and

(*iii*) all leases granted by, all contracts made with, and all instruments executed on behalf of, the body known as the Faridabad Development Board shall be deemed to have been granted by, made with, or executed on behalf of, the Corporation and shall have effect accordingly.

35. Power to remove difficulties.—If any doubt or difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, make such provision or give such direction, not inconsistent with the provisions of this Act, as may appear to it to be necessary or expedient for the removal of the doubt or difficulty, and the order of the Central Government, in such cases, shall be final.

36. Power to make rules.—(*1*) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the term of office and other conditions of service of members;

(*b*) the terms and conditions of service of the Administrator and other officers of the Corporation;

(*c*) meetings of the Corporation and the procedure for conducting business thereat;

(*d*) the intervals at which, and the terms on which, the capital provided or loan advanced by the Central Government to the Corporation may be repaid, and the rate at which interest may be paid on the capital provided or loan advanced by the Central Government;

(*e*) the form and manner in which the budget and the annual report may be prepared;

(*f*) the manner in which the accounts of the Corporation may be maintained and audited;

(*g*) the form and manner in which returns, statistics, accounts and other information may be furnished to the Central Government;

(*h*) any other matter which has to be, or may be, prescribed under this Act.

[1][(*3*) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.]

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1. Subs. by Act 4 of 2005, s. 2 and the Sch., for sub-section (*3*) (w.e.f. 11-1-2005).

THE SCHEDULE

[*See* section 2(*c*)]

Area of Faridabad.—Faridabad is included within the following boundaries, namely:—

North—Karkhana garden, Railway Station and Rest House, Faridabad, buildings belonging to Shrimati Sushila Devi and Abadi Fetehpur Chandela.

East—Delhi-Mathura Road.

South—Abadi village Majasar.

West—Badkhal Band; Hill of villages Dabwa, Nawadah Koh and Daulatabad; Abadi village Saran.

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STATEMENT OF OBJECTS AND REASONS

"A township has been constructed at Faridabad about 18 miles South of Delhi for the rehabilitation of displaced persons from the former North-West Frontier Province. In 1949, an autonomous Board was constituted by the Central Government for the administration of the township. But since this Board was not a legal entity, it could neither sue nor be sued. It was, therefore, felt that a statutory body should be set up at Faridabad. This matter has been under consideration for the last three years. At first, it was proposed to set up a body having municipal, development and rehabilitation functions under the joint control of the Central Government and the State Government. But as Local Self-Government was a State subject, it was not possible to give legal authority to the Central Government over municipal functions. The other alternative was to vest the control of the Board entirely in the State Government. Since this was not considered feasible in view of the heavy investment made by the Central Government in Faridabad and further expenditure likely to be incurred by them on the promotion of new industries for providing gainful employment to the residents of the township, it was decided that a trading corporation should be set up by central legislation. The Punjab Government has also concurred in this proposal.

2. The Bill provides for the setting up of a Corporation whose main functions will be (a) to maintain and develop the property of the Union vested in the Corporation, (b) to assist in the rehabilitation of displaced persons settled in Faridabad and (c) to carry on and promote trade, business and industry in the town with the object of assisting the displaced persons in their rehabilitation."

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NEW DELHI;
The 7th December, 1955.

MEHR CHAND KHANNA