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The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993

(ACT NO. 23 OF 1993)

[*As on the* 15*th May,* 2026]

AMENDING ACT

The Banking Laws (Amendment) Act, 2012 (4 of 2013).

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LIST OF ABBREVIATIONS USED

Cl., cls.	*for*	Clause, clauses.
Ins.	,,	Inserted.
Notifn.	,,	Notification.
S., ss.	,,	Section, sections.
Sch.	,,	Schedule.
Subs.	,,	Substituted.
w.e.f.	,,	with effect from.

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THE INDUSTRIAL FINANCE CORPORATION (TRANSFER OF UNDERTAKING AND REPEAL) ACT, 1993

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SECTIONS

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THE INDUSTRIAL FINANCE CORPORATION (TRANSFER OF UNDERTAKING AND REPEAL) ACT, 1993

ACT NO. 23 OF 1993

[2*nd April*, 1993.]

An Act to provide for the transfer and vesting of the undertaking of the Industrial Finance Corporation of India to and in the Company to be formed and registered as a Company under the Companies Act, 1956, and for matters connected therewith or incidental thereto and also to repeal the Industrial Finance Corporation Act, 1948.

BE it enacted by Parliament in the Forty-fourth Year of the Republic of India as follows:—

1. Short title and commencement.—(*1*) This Act may be called the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993.

(*2*) It shall be deemed to have come into force on the 1st day of October, 1992.

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

(*a*) "appointed day" means such date as the Central Government may, by notification in the Official Gazette, appoint under section 3;

(*b*) "Company" means the Industrial Finance Corporation of India Limited to be formed and registered under the Companies Act, 1956 (1 of 1956);

(*c*) "Corporation" means the Industrial Finance Corporation of India established under sub-section (*1*) of section 3 of the Industrial Finance Corporation Act, 1948 (15 of 1948).

3. Undertaking of the Corporation to vest in the Company.—On such date[1] as the Central Government may, by notification in the Official Gazette, appoint, there shall be transferred to, and vest in, the Company, the undertaking of the Corporation.

4. General effect of vesting of undertaking in the Company.—(*1*) Every shareholder of the Corporation immediately before the appointed day shall be deemed to be registered on and from the appointed day as a shareholder of the Company to the extent of the face value of the shares held by such shareholder.

(*2*) The undertaking of the Corporation which is transferred to and which vests in the Company under section 3 shall be deemed to include all business, assets, rights, powers, authorities and privileges and all properties, movable and immovable, real and personal, corporeal and incorporeal, in possession or reservation, present or contingent of whatever nature and wheresoever situate including lands, buildings, vehicles, cash balances, deposits, foreign currencies, disclosed and undisclosed reserves, reserve fund, special reserve fund, benevolent reserve fund, any other fund, stocks, investments, shares, bonds, debentures, security, management of any industrial concern, loans, advances and guarantees given to industrial concerns, tenancies, leases and book debts and all other rights and interests arising out of such property as were immediately before the appointed day in the ownership, possession or power of the Corporation in relation to its undertaking, within or without India, all books of accounts, registers, records and documents relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind within or without India then subsisting of the Corporation in relation to its undertaking.

(*3*) All contracts, deeds, bonds, guarantees, powers of attorney, other instruments and working arrangements subsisting immediately before the appointed day and affecting the Corporation shall cease to have effect or to be enforceable against the Corporation and shall be of as full force and effect against or in favour of the Company in which the undertaking of the Corporation has vested by virtue of this Act and enforceable as fully and effectually as if instead of the Corporation, the Company had been named therein or had been a party thereto.

1. 1st day of July, 1993, *vide* notifin. No. G.S.R. 444(E), dated 7th June, 1993, *see* Gazette of India, Extraordinary, Part II, sec. 3 (ii).

(*4*) Any proceeding or cause of action pending or existing immediately before the appointed day by or against the Corporation in relation to its undertaking may, as from the appointed day, be continued and enforced by or against the Company in which the undertaking of the Corporation has vested by virtue of this Act as it might have been enforced by or against the Corporation if this Act had not been enacted and shall cease to be enforceable by or against the Corporation.

5. Concession, etc., to be deemed to have been granted to the Company.—With effect from the appointed day, all fiscal and other concessions, licences, benefits, privileges and exemptions granted to the Corporation in connection with the affairs and business of the Corporation under any law for the time being in force shall be deemed to have been granted to the Company.

6. Tax exemption or benefit to continue to have effect.—(*1*) Where any exemption from, or any assessment with respect to, any tax has been granted or made or any benefit by way of set off or carry forward of any unabsorbed depreciation or investment allowance or other allowance or loss has been extended or is available to the Corporation under the Income-tax Act, 1961 (43 of 1961), such exemption, assessment or benefit shall continue to have effect in relation to the Company.

(*2*) Where any payment made by the Corporation is exempt from deduction of tax at source under any provision of the Income-tax Act, 1961 (43 of 1961), such exemption will continue to be available as if the provisions of the said Act made applicable to the Corporation were operative in relation to the Company.

(*3*) The transfer and vesting of the undertaking or any part thereof in terms of section 3 shall not be construed as a transfer within the meaning of the Income-tax Act, 1961 (43 of 1961) for the purposes of capital gains.

7. Guarantee to be operative.—Any guarantee given for or in favour of the Corporation with respect to any loan, lease finance or other assistance shall continue to be operative in relation to the Company.

8. Provisions in respect of officers and other employees of Corporation.—(*1*) Every officer or other employee of the Corporation (except a Director of the Board, Chairman or Managing Director) serving in the employment immediately before the appointed day shall, in so far as such officer or other employee is employed in connection with the undertaking which has vested in the Company by virtue of this Act, become, as from the appointed day, an officer or, as the case may be, other employee of the Company and shall hold his office or service therein by the same tenure, at the same remuneration, upon the same terms and conditions, with the same obligations and with the same rights and privileges as to leave, leave fare concession, welfare scheme, medical benefit scheme, insurance, provident fund, other funds, retirement, voluntary retirement, gratuity and other benefits as he would have held under the Corporation if its undertaking had not vested in the Company and shall continue to do so as an officer or, as the case may be, other employee of the Company or until the expiry of a period of six months from the appointed day if such officer or other employee opts not to continue to be the officer or other employee of the Company within such period.

(*2*) Where an officer or other employee of the Corporation opts under sub-section (*1*) not to be in employment or service of the Company, such officer or other employee shall be deemed to have resigned.

(*3*) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947) or in any other law for the time being in force, the transfer of the services of any officer or other employee of the Corporation to the Company shall not entitle such officer or other employee to any compensation under this Act or under any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

(*4*) The officers and other employees who have retired before the appointed day from the service of the Corporation and are entitled to any benefits, rights or privileges shall be entitled to receive the same benefits, rights or privileges from the Company.

(*5*) The trusts of the provident fund or the gratuity fund of the Corporation and any other bodies created for the welfare of officers or employees would continue to discharge their functions in the Company as was being done hitherto in the Corporation and any tax exemption granted to the provident fund or the gratuity fund would continue to be applied to the Company.

(*6*) Notwithstanding anything contained in this Act or in the Companies Act, 1956 (1 of 1956) or in any other law for the time being in force or in the regulations of the Corporation, no Director of the

Board, Chairman, Managing Director or any other person entitled to manage the whole or substantial part of the business and affairs of the Corporation shall be entitled to any compensation against the Corporation or the Company for the loss of office or for the premature termination of any contract of management entered into by him with the Corporation.

9. Act 18 of 1891 to apply to the books of the Company.—The Company shall be deemed to be a bank for the purposes of the Bankers' Books Evidence Act, 1891.

10. Shares, bonds and debentures to be deemed to be approved securities.—Notwithstanding anything contained in any other law for the time being in force, the shares, bonds and debentures of the Company shall be deemed to be approved securities for the purposes of the Indian Trusts Act, 1882 (2 of 1882), the Insurance Act, 1938 (4 of 1938) [2]***.

11. Repeal and saving of Act 15 of 1948.—(*1*) On the appointed day, the Industrial Finance Corporation Act, 1948 shall stand repealed.

(*2*) Notwithstanding the repeal of the Industrial Finance Corporation Act, 1948 (15 of 1948), the Company shall, so far as may be, comply with the provisions of sections 33, 34, 34A, 35 and 43 of the Act so repealed for any of the purposes related to the annual accounts of the Corporation.

12. Repeal and saving.—(*1*) The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Ordinance, 1993 (Ord. 5 of 1993) is hereby repealed.

(*2*) Notwithstanding the repeal of the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Ordinance, 1993 (Ord. 5 of 1993), anything done or any action taken under the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.

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1. The words and figures "and the Banking Regulation Act, 1949 (10 of 1949)" omitted by Act 4 of 2013, s. 17 and Sch. (w.e.f. 18-1-2013).

STATEMENT OF OBJECTS AND REASONS

Continued decline in the availability of concessional funds from the Government and the Reserve Bank of India over the years as also the changes in the past several months in the financial sector have made it obligatory for the Industrial Finance Corporation of India (IFCI) to raise resources largely from the market. However, the Industrial Finance Corporation Act, 1948 forbids IFCI's accessibility to the market, only when backed by a Government guarantee, and thereby prevents it from raising resources on competitive terms. Further, the Act also provides for very dominant role to its major shareholder namely, the Industrial Development Bank of India, in the functioning of the IFCI. This is considered anomalous as the two institutions are competitors.

2. To deal with these problems and in particular to ensure greater flexibility and consequent ability of IFCI to respond to the needs of the fast changing financial system, the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Ordinance, 1992 was promulgated on 1st October, 1992. Subsequently, the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Bill, 1992 was introduced in the Lok Sabha on 30th November, 1992, The Bill could not be passed during the Winter Session of Parliament. As such the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Ordinance, 1993 was promulgated by the President on 2nd January, 1993 to replace the said Ordinance. The latter Ordinance provides for the establishment of a new Company under the Companies Act, 1956 to be known, as the Industrial Finance Corporation of India Limited to which the entire business and functions of IFCI as well as all the assets and liabilities and the staff of IFCI will be transferred on the appointed day to be notified by the Government and also to repeal the Industrial Finance Corporation Act, 1948. Conversion of IFCI into a Company would also enable it to reshape its business strategies, provide greater autonomy, enter the capital market for resources, facilitate expansion of the equity base of the Corporation in future, and create a more levelled playing field across broadly similar financial institutions.

3 The Bill seeks to replace the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Ordinance, 1993.

ABRAR AHMED.

NEW DELHI;

The 11*th February,* 1993.

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