

41. Indemnity of directors.—(1) Every director shall be indemnified by the Financial 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 responsible for any other director or for any officer or other employee of the Financial Corporation or for any loss or expenses resulting to the Financial Corporation by the insufficiency or deficiency of value of or title to any property or security acquired or taken on behalf of the Financial Corporation or by the wrongful act of any person under obligation to the financial corporation or by anything done in good faith in the execution of the duties of his office or in relation thereto.

¹[41A. Protection of action taken by persons appointed under section 27 or section 32A.—No suit, prosecution or other legal proceeding shall lie against any person appointed as director, administrator, managing agent or manager by the Financial Corporation in pursuance of section 27 or section 32A for anything which is in good faith done or intended to be done by him as such director, administrator, managing agent or manager.]

²[41B. Nomination in respect of deposits, bonds, etc.—(1) Notwithstanding anything contained in any other law for the time being in force, where a nomination in respect of any deposits, bonds or other securities is made in the prescribed manner, the amount due on such deposits, bonds or securities shall, on the death of the depositor or holder thereof, vest in, and be payable to, the nominee subject to any right, title or interest of any other person to such deposits, bonds or securities.

(2) Any payment by the Financial Corporation in accordance with the provisions of sub-section (1) shall constitute a full discharge to the Financial Corporation of its liability in respect of such deposits, bonds or securities.]

42. Offences.—(1) Whoever, in any bill of lading, warehouse receipt or other document given to the Financial Corporation, whereby security is given or is purported to be given to the Financial Corporation for any accommodation granted by it under this Act, wilfully makes any false statement or knowingly permits any false statement to be made shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to two thousand rupees, or with both.

(2) Whoever, without the consent in writing of the Financial Corporation, uses the name of the Financial Corporation in any prospectus or advertisement shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, 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 Financial Corporation authorised by the Board in this behalf.

43. Provisions relating to income-tax and super-tax.—For the purposes of the ³[Income-tax Act, 1961(43 of 1961)], the Financial 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:

1. Ins. by Act 6 of 1962, sec. 21 (w.e.f. 16-4-1962).
2. Ins. by Act 39 of 2000, sec. 30 (w.e.f. 5-9-2000).
3. Subs. by Act 43 of 1985, sec. 26, for "Indian Income-tax Act, 1922 (11 of 1922)" (w.e.f. 21-8-1985).

Provided that any sum paid by the State Government under the guarantee given in pursuance of ¹[***] ²[section 7 or section 8] shall not be treated as the income, profits and gains of the Financial Corporation and any interest on debentures, ³[bonds or deposits] paid by the Financial Corporation out of such sum shall not be treated as expenditure incurred by it:

Provided further that in the case of any shareholder such portion of a dividend as has been paid out of any such sum advanced by the State Government shall be deemed to be ⁴[his] income from "interest on securities" ⁵[and the income-tax shall be payable thereon as if it were the interest receivable on any security of a State Government issued income-tax free] within the meaning of section 8 of that Act.

⁶[43A. Delegation of powers.—The Board may, by general or special order, delegate to the managing director or to any other officer of the Financial Corporation ⁷[or to any committee appointed under section 21] 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.]

⁸[43B. Reports to the Board.—(1) The minutes of every meeting of the committee appointed under section 21 shall, after confirmation thereof at the next meeting of the committee, be laid before the Board at the next following meeting of the Board.

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44. Act 18 of 1891 to apply to the books of the Financial Corporation.—The Financial Corporation shall be deemed to be a bank for the purposes of the Bankers' Books Evidence Act, 1891 (18 of 1891).

45. Liquidation of Financial Corporation.—No provision of law relating to winding up of companies or corporations shall apply to the Financial Corporation, and the Financial Corporation shall not be placed in liquidation, save by order of the State Government and in such manner as it may direct.

46. Power to apply Act to certain financial institutions in existence at commencement of Act.—(1) The Central Government may by notification in the Official Gazette, direct that all or any of the provisions of this Act shall, subject to such exceptions and restrictions as may be specified, apply to ¹⁰[any institution established by a State Government] which has for its object the financing of industrial concerns, and on the issue of such notification, the institution shall be deemed to be a Financial Corporation established by the State Government for the State within the

1. The words "Section 6 or" omitted by Act 39 of 2000, sec. 31 (w.e.f. 5-9-2000).
2. Subs. by Act 6 of 1962, sec. 22, for certain words (w.e.f. 16-4-1962).
3. Subs. by Act 6 of 1962, sec. 22, for "or bonds" (w.e.f. 16-4-1962).
4. Subs. by Act 48 of 1952, sec. 3 and Sch.II, for "its" (w.e.f. 2-8-1952).
5. Subs. by Act 6 of 1962, sec. 22, for "declared to be income-tax free" (w.e.f. 16-4-1962).
6. Ins. by Act 6 of 1962, sec. 23 (w.e.f. 16-4-1962).
7. Ins. by Act 43 of 1985, sec. 27 (w.e.f. 21-8-1985).
8. Ins. by Act 43 of 1985, sec. 28 (w.e.f. 21-8-1985).
9. Sub-section (2) omitted by Act 39 of 2000, sec. 32 (w.e.f. 5-9-2000).
10. Subs. by Act 43 of 1985, sec. 29, for "any institution in existence at the commencement of this Act" (w.e.f. 21-8-1985).