

subject to the provisions of this Act, to acquire, hold and dispose of property and shall, by the said name sue and be sued.

(4) Any reference in this Act to "State" in relation to a Joint Financial Corporation established for two or more States, shall be construed as a reference to each such State.]

4. Share capital and share-holders.—¹[(1) The authorised capital of the Financial Corporation shall be such sum as may be fixed by the State Government in this behalf, but it shall not, be less than fifty lakhs of rupees, or exceed five hundred crores of rupees:

Provided that the State Government may, on the recommendation of the Small Industries Bank, by notification in the Official Gazette, increase the authorised capital up to one thousand crores of rupees.

(2) Subject to the provisions of section 4D, the authorised capital shall be divided into such number of fully paid-up shares of the same face value and such number of fully paid-up redeemable preference shares of the same face value and shall be issued to the parties mentioned in clauses (a), (b) and (c) of sub-section (3) and in the case of parties referred to in clause (d) of that sub-section, such shares shall be issued at such times and in such manner as the State Government may, by notification in the Official Gazette, determine.

(3) Subject to the approval of the State Government and the Small Industries Bank, the Board shall determine the number of shares which may, respectively, be distributed among—

- (a) the State Government;
- (b) the Small Industries Bank;
- (c) public sector banks, the Life Insurance Corporation of India established under section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956), other insurance companies owned or controlled by the Central Government, other institutions owned or controlled by the Central Government or the State Government, as the case may be; and
- (d) parties other than those referred to in clause (a), or clause (b) or clause (c):

Provided that the number of shares which may be allocated to parties referred to in clause (d) shall in no case exceed forty-nine per cent. of the total number of issued equity shares:

Provided further that no increase in the issued equity capital shall be made in such a manner that the parties referred to in clause (a) or clause (b) or clause (c) hold in aggregate, at any time less than fifty-one per cent. of the issued equity capital of the Financial Corporation.]

1. Subs. by Act 39 of 2000, sec. 4, for sub-sections (1), (2) and (3) (w.e.f. 5-9-2000).

(4) Subject to the other provisions contained in this section, the allocation of shares among the parties referred to in clauses (c) and (d) of sub-section (3) and the allotment of such shares shall be made by the Financial Corporation in such manner as may be prescribed.

¹[(5) If any shares allocated to any of the parties referred to in clauses (c) and (d) of sub-section (3) remain unsubscribed, they shall be subscribed for equally by the State Government and the ²[Small Industries Bank].]

[4A. Special class of shares.—⁴[(1) The State Government may, in consultation with the ⁵[Small Industries Bank], specify from time to time such part of the unissued capital of the Financial Corporation as shall be allocated for the issue of a special class of shares.]

(2) The special class of shares so allocated under sub-section (1), shall be,—

- (a) divided into such number of shares of the same face value as the State Government may, in consultation with the ⁶[Small Industries Bank], determine;
- (b) subscribed by the State Government and the ⁶[Small Industries Bank] and they may do so in such proportion as may be agreed upon by and between them and the Financial Corporation shall make allotment of such shares accordingly.

(3) The funds representing the capital subscribed as aforesaid shall be used only for such purposes, in such manner and for rendering assistance to such class or category of industrial concerns, as the ⁶[Small Industries Bank] may, in consultation with and after obtaining the advice of the State Government, specify in this behalf from time to time and nothing contained in ⁷[***] section 48 shall apply thereto.

(4) The rate of dividend declared on the special class of shares in respect of any accounting year of a Financial Corporation shall not exceed the rate of dividend in respect of its other shares.

(5) Nothing contained in sub-sections (2) to (5) of section 4, section 5, and ⁸[sub-sections (1) to (4) of section 6], shall apply to the special class of shares.]

[4B. Transfer of share capital to Development Bank.—On such date as the Central Government may, by notification in the Official Gazette, specify (hereinafter referred to as the specified date), all the shares of every Financial Corporation subscribed by the Reserve Bank as on the date immediately preceding the specified date, shall, stand transferred to, and vested in, the Development Bank.

1. Subs. by Act 43 of 1985, sec. 4, for sub-section (5) (w.e.f. 21-8-1985).

2. Subs. by Act 39 of 2000, sec. 4 for "Development Bank" (w.e.f. 5-9-2000).

3. Ins. by Act 77 of 1972, sec. 4 (w.e.f. 30-12-1972).

4. Subs. by Act 52 of 1975, sec. 26, for sub-section (1) (w.e.f. 16-2-1976).

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

6. Subs. by Act 52 of 1975, sec. 26, for "Reserve Bank" (w.e.f. 16-2-1976) and again subs. by Act 39 of 2000, sec. 5, for "Development Bank" (w.e.f. 5-9-2000).

7. The words "section 47 or" omitted by Act 39 of 2000, sec. 5 (w.e.f. 5-9-2000).

8. Subs. by Act, 39 of 2000, sec. 5, for "sub-section (1) of section 6" (w.e.f. 5-9-2000).

9. Ins. by Act 52 of 1975, sec. 27 (w.e.f. 16-2-1976).