

## **FOOD CORPORATIONS ACT, 1964**

**37 of 1964**

**[31TH AUGUST, 1994]**

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## **SCHEDULE 1 :- THE SCHEDULE**

### **FOOD CORPORATIONS ACT, 1964**

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STATEMENT OF OBJECTS AND REASONS It is considered desirable, in the interests of increased agricultural production as well as in the interests of the common consumer, to set up a State Agency for the purpose of undertaking trading in food grains in a commercial manner but within the framework of an over-all Government policy. Only by such a measure it will be possible to effectively implement any policy of ensuring that the primary producer obtains the minimum price that may be announced from time to time and to protect the consumer from the vagaries of speculative trade. 2. The setting up of the Food Corporation of India, as provided for in this Bill, will, therefore, be one of the essential and important steps in

the implementation of Government's food policy. The Corporation will be the first organised attempt to take up State trading in foodstuffs on an appreciable scale. The Agency will also be used to build up gradually buffer stocks. 3. The Corporation will engage itself primarily in the purchase, storage, movement, distribution and sale of food grains. Provision has also been made in the Bill enabling the Corporation to deal in other foodstuffs if considered necessary by the Government. The Corporation may also discharge certain incidental functions as provided for in the Bill in consultation with the Central Government. (4) The Corporation will be encouraged to function generally as an autonomous organisation working on commercial lines. It is expected to secure for itself a strategic and commanding position in the foodgrains trade of the country. Bearing in mind the several large spheres in which the Corporation will ultimately have to operate, this Bill is being introduced to enable it to function as a statutory Corporation wholly owned by the Government. 5. It is necessary that the Corporation should work with the active and continued co-operation of State Governments and their machinery. The Bill, therefore, provides for the setting up of Boards of Management or State Food Corporations, as the case may be, to secure such co-operation and participation in a practical and effective way.-Gazette of India, 17.11.1964, Pt. II, Section 2, Extra., p. 782. Amending Act 57 of 1968.---

With the establishment of Food Corporation of India under the Food corporations Act, 1964, the work relating to the storage, movement, distribution and sale of food grains, performed by the Regional Directorates under the Food Department of the Government, is being gradually transferred to the Food Corporation of India. The staff working in the Regional Directorates are also being transferred to the Corporation along with the work. The object of this Bill is to prescribe the conditions of service in regard to pay pension and other similar matters which would be applicable to the employees on their transfer to the Corporation. In doing so, care has been taken to ensure that the pay, pension and other conditions of service are not as far as possible, adversely affected on account of such transfer. 2. Opportunity is being taken to declare the Central Government as the "appropriate Government" under Industrial Disputes Act, 1947 in relation to the Food Corporation of India.- Gazette of India, 25- 7-1967, Pt. II, Section 2, Extra., p. 613. Act 67 of 1972.-- In order to remove certain practical difficulties and deficiencies which have been experienced in the working of the Food Corporation Act, 1964, it is proposed to

amend the Act suitably as explained in paragraphs 3 to 5. 2. The Food Corporations Act does not extend at present to the State of Jammu and Kashmir. The Government of Jammu and Kashmir has requested that the activities of the Food Corporation of India should be extended to that State also. It is, therefore, proposed to extend the Act to that State. 3. Sub-section (2) of section 4 of the Act requires the Food Corporation of India to obtain the previous approval of the Central Government before establishing offices or agencies in or outside India. With the increased utilisation of the services of the Corporation by the State Governments for the purposes of procurement and distribution of food grains, it has become necessary to establish local offices and agencies like "purchase centre" in various parts of the country. Obviously, the Corporation cannot perform its functions efficiently and effectively if it is required to obtain the previous approval of the Central Government each time it has to establish any office or agency. It is, therefore, proposed to dispense with the requirement in the Act of obtaining the previous approval of the Central Government for establishing offices and agencies within India. 4. In pursuance of the recommendations contained in paragraph 22, of the Report dated 12th November, 1970, of the Joint Select Committee to which the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Bill, 1969, was entrusted, it is proposed to amend section 34 of the Act for the purpose of empowering the Comptroller and Auditor-General's of India to direct the manner in which the accounts of a Food Corporation shall be audited, to have a supplementary or test audit done and to comment upon or supplement the audit report of the professional auditors. Provision is also being made in section 35 whereby such comments or supplement made by the Comptroller and Auditor-General shall be laid before both Houses of Parliament. 5. The amendments proposed in Cls. 3 and 5 of the Bill are of a clarificatory nature, Under the former it is proposed to clarify that the expression "foodstuffs" used in Section 13 of the Act also includes edible oils and oil seeds. This is intended to remove any possible doubts about the extent of the activities of the Food Corporation of India under the said Section 13. Similarly, Clause 5 of the Bill seeks to amend Section 27 of the Act enabling a Food Corporation to borrow money from the Central Government also- - S.O.R. Gaz. of Ind., 16-11-72, Pt.11 S.2 Ext. p. 1093. Act 12 of 1977.- Section 12A of the Food Corporations Act, 1964 regulates transfer of officers and staff working in the Food Deptt. of the Government of India to the Food

Corporation of India (hereinafter referred to as the Corporation) as and when the work relating to purchase, storage, movement, distribution and sale of food grains performed by the Food Department was transferred to the Corporation. The said Section 12A envisages the exercise of two options by the said officers and staff. The first option is required to be given before the order of transfer is made to indicate as to whether the employee is willing to be transferred to the Corporation or not and the second has to be exercised within six months from the date of transfer as to whether he would like to be governed by the retirement benefits of the Central Government or of the Corporation. The date of formal transfer in the case of all those whose services were placed with the Corporation from time to time was fixed as 1st March, 1969 which corresponds to the date when the process of transfer of functions from the Food Department was completed. It took some time to secure the first option mentioned above and to get the service particulars from the employees with the result that even the first transfer order was issued only in 1972. The employees could not, therefore, give their option in regard to the retirement benefits as the period of six months from the date of transfer had already expired by the time the transfer orders were issued. In some cases employees have either died or retired before the issue of formal transfer orders or before exercising their second option. Formal orders of transfer are yet to be issued in respect of certain employees. In view of the above, cases relating to retirement benefits of many employees still remain unsettled. Keeping in view also the urgency to mitigate the financial hardship of such employees, it was considered necessary to amend the Food Corporations Act, 1964, by means of an Ordinance. Accordingly, the Food Corporations. (Amendment) Ordinance, 1976, was promulgated on 31st December, 1976. 2. The said Ordinance inter alia provided for the following matters, namely:- (i) The exercise of a fresh option in respect of retirement benefits to all serving employees of the Corporation within a period of six months from the date of commencement of the Ordinance irrespective of whether they had exercised the option earlier or not. (ii) In respect of those employees for whom formal orders of transfer are yet to be issued, the said option can be exercised within a period of six months from the date of such orders. (iii) The validation of all the options exercised by the employees who have either died or retired. (iv) Conferment of Central Government retirement benefits to certain employees as such benefits were more favourable than the

retirement benefits of the Corporation. The Bill seeks to replace the above Ordinance-S.O.R. Gaz. of Ind., 31-3-77, Pt.11 S. 2. Ext., p. 58. Act 53 of 1982.-- According to section 12A of the Food Corporations Act, 1964, employees of the Central Government whose services were transferred to the Food Corporation of India are entitled to a second opportunity of making representation in disciplinary proceedings where it is proposed to impose on the employees concerned the penalty of dismissal, removal or reduction in bank. This is in accordance with the constitutional provision which applied to Government servants at the time of their transfer. Subsequently by Constitution (Forty-second Amendment) Act, 1976 clause (2) of article 311 of the Constitution has been amended doing away with the second opportunity. The relevant service rules governing the Government servants have already been amended to be in conformity with the Constitutional amendments. 2. With the amendment of the Constitution, there is now no justification for continuing to allow the transferred employees of the Food Corporation of India the opportunity of being heard twice when that is no longer available even to Government servants. The rationale for giving the benefits that they would have been entitled to this opportunity had they continued to remain in Government service, has disappeared. In view of this and in order to bring the provisions of section 12A of the Food corporations Act in conformity with the present constitutional position it is proposed to amend sub-section (5) of section 12A of the Food Corporations Act, 1964 so as to do away with the requirement of giving second opportunity of making representation with regard to the penalty proposed to be imposed. 3. It is proposed to avail of the present opportunity to amend sub-section (3) of section 44 of the Act relating to laying of the rules made by the Central Government under section 44 before each House of, the Parliament, so as to bring if in line with the Standard Model clause recommended by the Committee on Subordinate Legislation 4.,. It is also .proposed to amend section 45 of the Act relating to power to make regulations so as to enable retrospective effect being given to the regulations. The practice has been to make the same terms and conditions, pay scales, etc., which are applicable to employees of the- Government generally applicable to the employees of the Food Corporation. For the .purpose of extending the benefit of any revision in the pay scales or in the allowances payable to or the terms and conditions applicable to employees of the Food Corporation from the same date from which those benefits have been given to employees of

the Government, it becomes necessary to make the regulations on the subject with retrospective effect. In accordance with the recommendations of the Committee on Subordinate Legislation, provision is being made for laying of regulations before each House of Parliament. It is also proposed to make it clear in the proposed amendment that the power to make regulations with retrospective effect will not be exercised so as to prejudicially affect the interest of any person. 5 It is also proposed to add a new section 46 to provide for validating retrospective effect given to the regulations already framed by the Food Corporation under the regulation making power conferred on it by section 45 of the Food Corporations Act, 1964. 6. The Bill seeks to achieve the above objects. Gaz. of Ind., 30-4-82, Pt. II S. 2, Ext. p. 3 (No. 21). Act 36 of 1988.---

Section 27 of the Food Corporations Act, 1964, empowers the Food Corporation of India or a State Food corporation established under the Act to take advances or borrow money from the Central Government or from any scheduled bank or from any other bank or financial institution approved by the Central Government in this behalf against stocks of food grains or other foodstuffs held by it for the purpose of carrying out its functions under the Act. The provisions of the Act do not permit a Food Corporation borrow funds from other sources or to issue and sell bonds or debentures. 2. The Food Corporations do not generate any internal resources. They require funds both for working capital requirements as well as for investment purposes. At present, the funds are being provided by only the Government and the banking section. It is proposed to diversify the sources of financing. 3. It is, therefore proposed to amend section 27 of the Food Corporations Act, 1964 (37 of 1964) to enable a Food Corporation to raise funds, as and when required, for its operational as well as investment requirements by the issue of bonds and debentures and also by borrowings from the Central and State Government institutions or public sector enterprises or bodies or from public or corporate sector, on such terms, and conditions as may be approved by the Central Government. 4. The Bill seeks to achieve the above objective. Gaz. of Ind., 21-4-87., Pt. II S. 2 F.xt., P. 3 (No. 15). Prefatory Note-Statement of Objects and Reasons,-The Food Corporation of India (FCI) was established under the Food Corporations Act, 1964 (37 of 1964). Section 34 of the Food Corporations Act provides for auditing of the Corporation's accounts by qualified auditors appointed annually by the Food Corporation of India from amongst a list of auditors approved by the Central

Government on the advice of the Comptroller and Auditor-General of India (CAG). Food Corporation of India is not a public sector enterprise falling within the ambit of the Companies Act, 1956. It is functioning as an implementing arm of the Central Government by procuring food grains at rates fixed by the Center and distributing the same below costs as part of the targeted Public Distribution System. Under these circumstances, Food Corporation of India needs to be treated on a different footing. Besides the audit by chartered accountants, Food Corporations Act also provides for supplementary audit of accounts by the Comptroller and Auditor-General of India. The Comptroller and Auditor-General of India audits Food Corporation of India through his offices, which are situated in the different parts of the country. 2. It is now proposed that the auditing and certification of accounts which was hitherto being done by the chartered accountants along with the supplementary audit by Comptroller and Auditor-General of India may be replaced by Comptroller and Auditor-General of India as the sole auditor of the accounts of the Corporation. This will help the Corporation avoid needless expenditure on audit fees. as also provide a more meaningful audit by Comptroller and Auditor-General of India whose organisation is well aware of the intricacies of Government policies being implemented by the Food Corporation of India. 3. For making the Comptroller and Auditor-General of India the sole auditor of the accounts of the Food Corporation of India, it is necessary to amend Section 34 of the Food Corporation Act, 1964 as per the proposed Bill. 4. The Bill seeks to achieve the above objects.

CHAPTER 1  
PRELIMINARY

**1. Short title, extent and commencement :-**

(1) This Act may be called The Food Corporations Act, 1964).

(2) It extends to the whole of India <sup>1</sup>[\* \* \* \* \*],

(3) It shall come into force on such date<sup>2</sup> as the Central Government may, by notification in the Official Gazette, appoint.

The Act has been extended, with modifications, to Sikkim and enforced w.e.f. 1-1-94- see Gaz of Ind, 7-5-93, Pt. II, S. 3 (ii), Ext.. p. '2 (No. 273) and Gaz. of Ind., 17-12-93, Pt. II, S. 3 (ii), Ext., p. 2 (No. 752).

1. Words "except the State of Jammu and Kashmir", omitted by Act 67 of 1972, S. 2 (15-12-72).

2. The date appointed is 17-12-1964- See Gazette of India, 17-12-1964. Pt. II. S. 3 (ii). Extra., p. 869.

## **2. Definitions :-**

In this Act, unless the context otherwise requires,-

(a) "Corporation" means the Food Corporation of India established under section 3

(b) "Food Corporation" means the Food Corporation of India established under section 3 or a State Food Corporation established under section 17 ;

<sup>1</sup> [(bb) "Foodstuffs" includes edible oilseeds and oils;]

(c) "prescribed" means prescribed by rules made under this Act;

(d) "schedule bank" means a bank for the time being included in the Second Schedule to Reserve Bank of India Act, 1934 :

(e) "State Food Corporation" means a State Food Corporation established under section 17 ;

(f) "year" means the financial year.

1. Inserted by Act, 67 of 1972, S. 3 (15-12-72).

## **CHAPTER 2**

### **THE FOOD CORPORATION OF INDIA**

## **3. Establishment of Food Corporation of India :-**

(1) With effect from such date <sup>1</sup> as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Central Government shall establish for the purposes of this Act a Corporation known as the Food Corporation of India.

(2) The Corporation shall be body corporate with the name aforesaid. having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by that name, sue and be sued.

1. Food Corporation was established with effect from 1-1-1965- See G.S.R. IK09, Gazette of India. 17-12-1964, Pt.II, Sec. 3 (i). Extra., p. 869.

## **4. Offices and agencies :-**

(1) The head office of the Corporation shall be at Madras or at such

other place<sup>1</sup> as the Central Government may, by notification in the Official Gazette, specify.

<sup>2</sup> [(2) The Corporation may establish offices or agencies at other places in or outside India.

Provided that no such office or agency shall be established at any place outside India without the previous approval of the Central Government.]

1. The head office of the Corporation has been shifted to New Delhi on and from 1-7-1967- See G.S.R. 958, Gazette of India, 20-6-1967, Pt. II, S. 3 (i). Extra., page. 307.

2. Substituted for former sub-section (2) by Act 67 of 1972, S. 4 (15-12-72).

### **5. Capital of Corporation :-**

(1) The original capital of the Corporation shall be such sum not exceeding one hundred crores of rupees as the Central Government may -fix.

(2) The Central Government may from time to time increase the capital of the Corporation to such extent and in such manner as that Government may determine.

(3) Such capital may be provided by the Central Government from time to time after due appropriation made by Parliament by law for the purpose and subject to such terms and conditions as may be determined by that Government.

### **6. Management :-**

(1) The general superintendence, direction and management of the affairs and business of the Corporation shall vest in a board of directors which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation under this Act.

(2) The board of directors, in discharging its functions, shall act on business principles having regard to the interests of the producer and consumer and shall be guided by such instructions on questions of policy as may be given to it by the Central Government.

(3) If any doubt arises as to whether a question is or is not a question of policy, the decision of the Central Government thereon shall be final.

## **7. Board of Directors :-**

(1) The board of directors of the Corporation shall consist of the following, namely:---

(a) a chairman;

(b) three directors to represent respectively the Ministries of the Central Government dealing with-

(i) food,

(ii) finance, and

(iii) co-operation;

(c) the managing director of the Central Warehousing Corporation established under Section 3 of the Warehousing Corporations Act, 1962 , ex officio;

(d) a managing director;

(e) six other directors.

(2) All the directors of the Corporation other than the director referred to in 'Clause; (i)- of sub-section (1) shall be appointed by the Central Government.

(3) The managing director, shall---

(a) exercise such powers and perform such duties as the board of directors may entrust or delegate to him. and

(b) receive such salary and allowances as the board of directors may, with the approval of the Central Government, fix: Provided that the first managing director shall receive such salary and allowances as the Central Government may fix.

(4) The term of office of, and the manner of filling casual vacancies among, the directors of the Corporation, other than the director referred to in Clause (c) of sub-section (1), and the other terms and conditions of appointment of the directors of the Corporation shall, subject to the provisions of sub-section (3), be such as may be prescribed.

## **8. Disqualification for office of director :-**

A person shall be disqualified for being appointed as. and for being, a director of the Corporation---

(a) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

(b) if he is of unsound mind and stands so declared by a competent Court; or

(c) if he is or has been convicted of any offence which in the opinion of the Central Government involves moral turpitude; or

(d) if he has been removed or dismissed from the service of the Government or a corporation owned or controlled by the Government; or

(e) except in the case of the Chairman or the managing director, if he is a salaried official of the Food Corporation of India or a State Food Corporation.

#### **9. Removal and resignation of directors :-**

(1) The Central Government may, at any time, after consultation with the Corporation, remove the managing director from office after giving him a reasonable opportunity of showing cause against the proposed removal.

(2) The board of directors may remove any director from office who---

(a) is or has become subject to any of the disqualification's mentioned in section 8 ; or

(b) is absent without leave of the board of directors from more than three consecutive meetings thereof without cause sufficient, in the opinion of the board, to exonerate his absence.

(3) A director of the Corporation may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted, he shall be deemed to have vacated his office.

#### **10. Meetings :-**

(1) The board of directors of the Corporation shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.

(2) The Chairman of the Board or, if for any reason he is unable to attend any meeting, any other director elected by the directors present at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the board shall be decided by a majority of the votes of the directors present and voting, and, in the event of an equality of votes, the Chairman, or in his absence, the person presiding, shall have and exercise a second or casting vote.

### **11. Advisory Committees :-**

(1) The Central Government may, in consultation with the Corporation, by notification in the Official Gazette, constitute one or more Advisory Committees consisting of such persons and on such terms and conditions as may be prescribed.

(2) It shall be the duty of any such Advisory Committee to advise the Central Government or the Corporation in regard to any matter connected with the purposes of this Act in respect of which its advice is sought by the Central Government, or, as the case may be, by the Corporation.

(3) The expenses in relation to the Advisory Committees shall be met by the Corporation.

### **12. Officers and other employees of Corporation :-**

(1) The Central Government shall, after consultation with the Corporation, appoint a person to be the Secretary of the Corporation.

(2) Subject to such rules as may be made by the Central Government in this behalf, the Corporation may appoint such other officers and employees as it considers necessary for the efficient performance of its functions.

(3) The methods of appointment, the conditions of service and the scales of pay of the officers and other employees of the Corporation shall---

(a) as respects the Secretary, be such as may be prescribed;

(b) as respects the other officers and employees, be such as may be determined by regulations made by the Corporation under this Act.

**12A. Special provisions for transfer of Government employees to the Corporation in certain cases :-**

(1) Where the Central Government has ceased or ceases to perform any functions which under section 13 are functions of the Corporation, it shall be lawful for the Central Government to transfer, by order and with effect from such date or dates (which, may be either retrospective to any date not earlier than the 1st January, 1965, or prospective) as may be specified in the order, to the Corporation any of the officers or employees serving in the Department of the Central Government dealing with food or any of its subordinate or attached offices and engaged in the performance of those functions: Provided that no order under this sub-section shall be made in relation to any officer or employee in such Department or office who has, in respect of the proposal of the Central Government to transfer such officer or employee to the Corporation, intimated within such time as may be specified in this behalf by that Government, his intention of not becoming an employee of the Corporation.

(2) In making an order under sub-section (1), the Central Government shall, as far as may be, take into consideration the functions which the Central Government has ceased or ceases to perform and the areas in which such functions have been or are performed.

(3) An officer or other employee transferred by an order made under sub-section (1) shall, on and from the date of transfer, cease to be an employee of the Central Government and become an employee of the Corporation with such designation as the Corporation may determine and shall, <sup>1</sup>[subject to the provisions of sub-sections (4), (4A), (4B), (4C), (5) and (6)], be governed by the regulations made by the Corporation under this Act as respects remuneration and other conditions of service including pension, leave and provident fund, and shall continue to be an officer or employee of the Corporation unless and until his employment is terminated by the Corporation.

(4) Every officer or other employee transferred by an order made under sub-section (1) shall, within six months from the date of transfer, exercise his option in writing to be governed.-

(a) by the scale if any applicable to the post held by him under the Government immediately before the date of transfer or by the scale

of pay applicable to the post under the Corporation to which he is transferred,

(b) by the leave, provident fund, retirement or other terminal benefits admissible to employees of the Central Government in accordance with the rules and others of the Central Government as amended from time to time or the leave, provident fund or other terminal benefits admissible to the employees of the Corporation under the regulations made by the Corporation under this Act, and such option once exercised shall be final:

<sup>2</sup>[4-A) Notwithstanding anything contained in sub-section (4),---

(a) every officer or other employee in respect of whom an order of transfer under sub- section (1) had been made before the date of commencement of Food Corporations (Amendment) Act, 1977 (hereafter in this section referred to as the appointed day) shall, whether or not he had exercised the option under sub-section (4) before the appointed day, exercise such option within six months from the appointed day; and

(b) every officer or other employee in respect of whom an order of transfer under sub- section (1) may be made after the appointed day shall, within six months from the date of such order, exercise his option under sub-s. (4),

(i) has died or retired before the appointed day, or dies or retires after the appointed day, before exercising the option as required by this sub-section, or

(ii) does not exercise the option as required by this sub-section,

(4-B) Where an officer or other employee

(a) has died or retired, or dies or retires, after an order of transfer under sub-section (1) in respect of such officer or other employee is made but before exercising the option under sub-section (4) or, as the case may be, as required by sub-section (4-A); or

(b) has died or retired, or dies or retires, before an order of transfer under sub-section (1) in respect of such officer or other employee is made.

(i) in a case falling under Clause (a), be deemed to have exercised an option under sub- section (4); and

(ii) in a case falling under Clause (b), be deemed to have been

transferred under sub-section (1) and exercised an option under sub-section (4), to be governed by the leave, provident fund, retirement or other terminal benefits admissible to the employees of the Central Government in accordance with the rules and orders of the Central Government as amended from time to time:

(4-C) Where an officer or other employee has exercised an option under sub-section (4), or exercises, or is deemed to have exercised, an option under that sub-section, read with sub-section (4-A) or sub-section (4-B), to be governed by the leave, provident fund, retirement or other terminal benefits admissible to the employees of the Central Government, such benefits shall be calculated on the basis of the pay and allowances drawn by him in the Corporation.]

(5) No officer or other employee transferred by an order made under sub-section (1),---

(a) shall be dismissed or removed by an authority subordinate to that competent to make a similar or equivalent appointment under the Corporation as may be specified in the regulations made by the Corporation under this Act:

<sup>3</sup>[(b) shall be dismissed or removed or reduced in rank except after an inquiry in which he has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges, Provided that where it is proposed after such inquiry, to impose upon him any such penalty, such penalty may be imposed on the basis of the evidence adduced during such inquiry and it shall not be necessary to give such person any opportunity of making representation on the penalty proposed.]

<sup>4</sup> [Provided further that this clause shall not apply,---

(i) where an officer or employee is dismissed or removed or reduced in rank on the ground of conduct which has led to his conviction on a criminal charge; or

(ii) where the authority empowered to dismiss or remove an officer or employee or to reduce him in rank is satisfied that for some reason, to be recorded by that authority in writing, it is not reasonably practicable to hold such inquiry, or

(iii) to an officer or employee who, after transfer to the Corporation, is appointed to a higher post under the Corporation in response to an open advertisement and in competition with

outsiders.

(6) If, in respect of any such officer or employee as aforesaid, a question arises whether it is reasonably practicable to hold such inquiry as is referred to in sub-section (5), the decision thereon of the authority empowered to dismiss or remove him or to reduce him in rank shall be final.

(7) Nothing contained in sub-section (1) shall apply to the members of the Central Secretariat Service or any other service or to persons on deputation to the Department referred to in that sub-section or to any of its attached or subordinate offices from any Ministry of the Central Government or from any State Government or from any organisation.

1. Substituted for words "subject to the provisions of sub-sections (4), (5) and (6)", by Act 12 of 1977, S. 2 (w.r.e.f. 31-12-76).

2. Inserted, Substituted for words "subject to the provisions of sub-sections (4), (5) and (6)", by Act 12 of 1977, S. 2 (w.r.e.f. 31-12-76).

3. Cl. (b) substituted by Food Corporations (Amendment) Act (53 of 1982) S. 2 (21-10-89).

4. Substituted for the words "Provided that", Cl. (b) substituted by Food Corporations (Amendment) Act (53 of 1982) S. 2 (21-10-89).

### **13. Functions of Corporation :-**

(1) Subject to the provisions of this Act, it shall be the primary duty of the Corporation to undertake the purchase, storage, movement, transport distribution and sale of food grains and other foodstuffs.

(2) Subject as aforesaid, the Corporation may also, with the previous approval of the Central Government,-

(a) promote by such means as it thinks fit the production of food grains and other foodstuffs;

(b) set up, or assist in the setting up of, rice mills, <sup>1</sup> flour-mills and other undertakings for the processing of food grains and other foodstuffs, and

(c) discharge such other functions as may be prescribed or as are supplemental, incidental or consequential to any of the functions conferred on it under this Act.

1. See Rice-milling Industry (Regulation) Act, 1958 (Act 21 of 1958), controls and regulates the industry in the interest of general

public.

**14. Executive Committee and other committees :-**

(1) The board of directors of the Corporation may constitute an Executive Committee which shall consist of-

(a) the Chairman of the Board;

(b) the Managing director; and

(c) three other directors, of whom one shall be a non-official.

(2) The Chairman of the Board of Directors shall be the Chairman of the Executive Committee.

(3) Subject to the general control, direction and superintendence of the board of directors, the Executive Committee shall be competent to deal with any matter within the competence of the Corporation.

(4) The board of directors may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit for such purposes as it may decide.

(5) A committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.

(6) The members of a committee (other than the directors of the board) shall be paid by the Corporation such fees and allowances as may be fixed by it by regulations made under this Act for attending the meetings of the committee and for attending to any other work of the Corporation.

**15. Member of board or committee thereof not to vote in certain cases :-**

A member of the Board of directors of the Corporation or a committee thereof who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the board of directors or committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature, of his interest at such meeting and the disclosure shall be recorded in the minutes of the board or the committee, as the case may be, and recorded in the minutes of the board or the

committee, as the case may be, and the member shall not take any part in any deliberation or decision of the board or committee with respect to that matter.

### CHAPTER 3

#### BOARDS OF MANAGEMENT

### **16. Boards of Management, their constitution and functions**

:-

(1) The Central Government may, on a request received in this behalf from the State Government or Governments concerned or otherwise, by notification in the Official Gazette, establish a Board of Management for a State" or two or more contiguous States, if no State Food Corporation is functioning in such State or States.

(2) The head office of the Board of Management shall be at such place as the Central Government may, by notification in the Official Gazette, specify,

(3) The Board of Management shall consist of-

(a) a Chairman to be appointed by the Board of directors of the Food Corporation of India;

(b) the senior most executive officer of the said Corporation employed at the head office of the Board of Management; and

(c) not more than ten other members to be appointed by the board of directors of the said Corporation.

(4) The members of a Board of Management referred to in clauses (a) and (c) of sub-section (3) shall hold office for a term of two years and shall be eligible for reappointment and the other terms and conditions of their appointment shall be such as may be prescribed.

(5) The Board of Management shall advise the Corporation on such matters as may be generally or specifically referred to it and shall perform such other functions as the Corporation may delegate to it.

(6) The provisions of section 20 , Section 21 and Section 25 shall, so far as may be. apply in relation to the members of a Board of Management as they apply in relation to the members of the board of directors of a State Food Corporation. Provided that the reference to the General Manager in clause (e) of section 20 shall b e construed as a reference to the officer of the Corporation

referred to in clause (b) of sub-section (3).

(7) The Food Corporation of India may, after consultation with a Board of Management, appoint such staff as it considers necessary to enable that Board to perform its functions under this Act.

(8) The Board of Management may, by order in writing, authorise any one or more of its members to exercise and perform, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions as it may think fit.

(9) The Board of Management shall follow such procedure as may be provided by regulations made by the Food Corporation of India under this Act.

(10) Where a Board of Management has been established-

(i) for a State, or

(ii) for two or more States,

(a) in the case referred to in clause (i), on the establishment of a Food Corporation for that State, and

(b) in the case referred to in clause (ii), on the establishment of such Corporation for any one or more of such States.

(11) Where a Board of Management stands dissolved under clause (b) of sub-section (10), the Central Government may establish a new Board of Management for the State or States for which no Food Corporation has been established.

(12) The expenses of the Board of Management in the discharge of its functions under this Act shall be met by the Food Corporation of India.

#### CHAPTER 4

#### STATE FOOD CORPORATIONS

### **17. Establishment of State Food Corporation :-**

(1) The Central Government may, by notification in the Official Gazette and after consultation with the Government of a State, establish a Food Corporation for that State under such name as may be specified in the notification.

(2) A State Food Corporation established under sub-section (1) shall be a body corporate by the name notified under that sub-section, having perpetual succession and a common seal with

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

(3) The head office of a State Food Corporation shall be at such place within the State as may notified by the Central Government in the Official Gazette.

(4) Subject to the provisions of this Act. a State Food Corporation may perform such of the functions of the Food Corporation of India as that Corporation may delegate to it.

### **18. Capital of State Food Corporation :-**

(1) The Capital of a State Food Corporation shall be such sum not exceeding ten crores of rupees as the Central Government may, after consultation with the Food Corporation of India, fix.

(2) The Central Government may, after such consultation, from time to time, increase the capital of the State Food Corporation to such extent and in such manner as that Government may determine.

(3) Such capital shall be provided-

(a) by the Central Government after due appropriation made by Parliament by law for the purpose, and

(b) by the Food Corporation of India, in such proportion and subject to such terms and conditions as may be determined by the Central Government.

### **19. Management of State Food Corporation :-**

(1) the general superintendence, direction and management of the affairs and business of a State Food Corporation shall vest in a board of directors which shall consist of a Chairman, a General Manager and not more than ten other members, all of whom shall be appointed by the Food Corporation of India after consultation with the Central Government and the State Government.

(2) The General Manager shall-

(a) exercise such powers and perform such duties as the board of directors may entrust or delegate to him; and

(b) receive such salary and allowances and be governed by such terms and conditions of service as the board of directors may, in

consultation with the Food Corporation of India, fix.

(3) The board of directors, in discharging its functions, shall act on business principles having regard to the interests of the producer and consumer and shall be guided by such instructions on questions of policy as may be given to it by the Food Corporation of India.

(4) If any doubt arises as to whether a question is or is not a question of policy, the matter shall be referred to the Central Government whose decision thereon shall be final.

(5) The members of the board of directors, other than the General Manager, shall be entitled to receive by way of remuneration or fees such sums as may be prescribed: Provided that no official member shall be entitled to receive any remuneration other than any allowances admissible to him under the rules regulating his conditions of service.

(6) The term of office of. and the manner of filling casual vacancies among, the members of the Board of directors shall be such as may be prescribed.

**20. Disqualification for office of member of board of directors :-**

A person shall be disqualified for being appointed as, and for being, a member of the board of directors of a State Food Corporation,-

(a) if he is, or at any time has been adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

(b) if he is of unsound mind and stands so declared by a competent court; or

(c) if he is or has been convicted of any offence which in the opinion of the Central Government involves moral turpitude; or

(d) if he has been removed or dismissed from the service of the Government or a Corporation owned or controlled by the Government; or

(e) except in the case of the chairman or the General Manager, if he is a salaried official of the Food Corporation of India or a State Food Corporation.

**21. Removal and resignation of members of board of**

**directors :-**

(1) The Food Corporation of India may, at any time, after consultation with the State Food Corporation, remove the General Manager from office after giving him a reasonable opportunity of showing cause against the proposed removal.

(2) The board of directors of a State Food Corporation may remove from office any member of that board who-

(a) is or has become subject to any of the disqualification mentioned in section 20 , or

(b) is absent without leave of the board of directors from more than three consecutive meetings thereof without cause sufficient, in the opinion of the board, to exonerate his absence.

(3) a member of such board may resign his office by giving notice thereof in writing to the Food Corporation of India and on such resignation being accepted, he shall be deemed to have vacated his office.

**22. Meetings :-**

(1) The board of directors of a State Food Corporation shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by that Corporation under this Act.

(2) The Chairman of the board of directors or, if for any reason he is unable to attend any meeting, any other member of the board elected by the members of the board present at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the board of directors shall be decided by a majority of the votes of the members present and voting, and in the event of an equality of votes, the chairman or in his absence, the person presiding shall have and exercise a second or casting vote.

**23. Appointment of officers, etc. and their conditions of service :-**

(1) A State Food Corporation may appoint such officers and other employees as it considers necessary for the efficient performance of its functions.

(2) Every person employed by a State Food Corporation under this Act shall be subject to such conditions of service and shall be entitled to such remuneration as may be determined by regulations made by the Corporation under this Act.

**24. Executive Committee and other committees :-**

(1) The board of directors of a State Food corporation may constitute an Executive Committee which shall consist of--

(a) the Chairman of the board of directors;

(b) the General Manager; and

(c) three other members of the board of directors, of whom one shall be a non-official.

(2) the Chairman of the Board of Directors shall be the Chairman of the Executive Committee.

(3) Subject to the general control, direction and superintendence of the board of directors, the Executive Committee shall be competent to deal with any matter within the competence of the State Food corporation.

(4) The board of directors may constitute such other committees, whether consisting wholly of members of the board or wholly of other persons or partly of such members and partly of other persons as it thinks fit. for, such purposes as it may decide.

(5) A committee constituted under this section, shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the State Food Corporation under this Act.

(6) The members of a committee (other than the directors of the board) shall be paid by the State Food Corporation such fees and allowances as may be fixed by it by regulations made under this Act, for attending the meeting of the committee and for attending to any other work of that Corporation.

**25. Member of board or committee thereof not to vote in certain cases :-**

A member of the board of directors of a State food Corporation or a committee thereof who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the

board of directors or committee thereof, shall as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the board or the committee, as the case may be, and the member shall not take any part in any deliberation or decision of the board or the committee with respect to that matter.

#### CHAPTER 5

#### FINANCE, ACCOUNTS AND AUDIT

### **26. Submission of programme of activities and financial estimates :-**

(1) A Food Corporation shall, before the commencement of each year, prepare a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof.

(2) The statement prepared under sub-section (1). shall not less than three months before the commencement of each year, be submitted for approval-

(a) in the case of Food Corporation of India, to the Central Government;

(b) in the case of a State Food Corporation, to the Food Corporation of India.

(3) The statement and the financial estimate of a Food Corporation referred to in sub- section (1) may, with the approval of the Central Government, in the case of the Food Corporation of India, or with the approval of the Food Corporation of India in the case of a State Food Corporation, be revised by the Food Corporation.

### **27. Borrowing powers of Food Corporation :-**

<sup>1</sup> [(1) A food corporation may, for the purpose of carrying out its functions under this Act.---

(a) take advances against stocks of food grains or other foodstuffs held by it, or borrow money---

(i) from any scheduled bank, or

(ii) from any other bank or financial institution approved by the Central Government in this behalf, or

(iii) from any other authority, organisation or institution or from the

public on such terms and conditions as may be approved by the Central Government; or

(b) issue and sell bonds and debentures carrying interest at such rates as may be fixed by the Central Government at the time the bonds or debentures are issued: "Provided that the amount borrowed by a Food Corporation under clause (b) shall not at any time exceed ten times the paid-up capital and the reserve fund established under Section 33 .".

(2) The Central Government may guarantee the loans and advances taken by a Food Corporation under sub-section (1) as to the repayment of principal and the payment of interest thereon and other incidental charges.

[(3) A food Corporation may, for the purpose of carrying out its functions under this Act, also borrow money from the Central Government; and that Government may, after due appropriation made by Parliament by law in this behalf, pay to the Food Corporation such sums of money by way of loan on such terms and conditions as that Government may determine.]

1. Inserted by Act 67 of 1972, S. 7 (15-12-72).

## **28. Lending by Food Corporation on security of food grains**

:-

A Food Corporation may lend or advance money to any person engaged in the production of food grains upon the security of food grains or such other security as may be prescribed, for any purpose connected with such production.

## **29. Power to enter into agreement for purchase of food grains after harvest** :-

(1) A Food Corporation may enter into agreement with any grower of food crops for the purchase of food grains after the harvest of such crops and any such agreement may provide that any sum payable by the Corporation to the grower under such agreement shall be payable to any scheduled bank or other financing agency nominated by the grower in this behalf to such extent as may be specified in the agreement.

(2) The scheduled bank <sup>1</sup> or other financing agency referred to in sub-section (1), may, on the basis of any agreement referred to in that sub-section, lend money to a grower of food crops who has entered into such agreement.

1. Inserted by Act 67 of 1972, S. 7 (15-12-72).

**30. Guarantee by Food Corporation :-**

A Food Corporation may, upon such terms and conditions as it may think fit, guarantee any loan referred to in sub-section (2) of section 29 , and also any other loan raised by a grower of food crops, which is repayable within a period not exceeding five years.

**31. Funds of Food Corporation :-**

(1) A Food Corporation shall have its own fund and all receipts of the Corporation shall be credited thereto and all payments of the Corporation shall be met therefrom.

(2) Such fund shall be applied for meeting all administrative expenses of the Food Corporation and for carrying out the purposes of this Act.

**32. Investment of funds :-**

A Food Corporation may invest its funds in the securities of the Central Government or any state government or in such other manner as may be prescribed.

**33. Allocation of surplus profits :-**

(1) A Food Corporation shall establish a reserve fund to which shall be credited every year such portion of its annual net profits as that Corporation thinks fit.

(2) After making provision for such reserve fund and for bad and doubtful debts, depreciation in assets and all other matters which are usually provided for by companies registered and incorporated under the Companies Act, 1956 , the balance of its annual net profits shall be paid-

(a) in the case of the Food Corporation of India, to the Central Government, and

(b) in the case of a State Food Corporation, to the Central Government and the Food Corporation of India in the same proportion as the capital provided by them.

**34. Accounts and audit :-**

(1) A Food Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the profit and loss account and the balance-sheet in such

form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of a Food Corporation shall be audited annually by the Comptroller and Auditor-General of India and any expenditure incurred by him in connection with such audit shall be payable by the Food Corporation to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of a Food Corporation shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any office of the Food Corporation.

(4) The accounts of a Food Corporation as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually by the Comptroller and Auditor-General of India to,-

(i) the Food Corporation concerned;

(ii) where the accounts relate to a State Food Corporation, also to the Food Corporation of India;

(iii) the Central Government, and that Government shall, as soon thereafter as may be, cause the same to be laid before both Houses of Parliament."

### **35. Annual report on the working of Food Corporations :-**

(1) A food Corporation shall, as soon as possible after the end of each year, submit to the Central Government an annual report on the working and affairs of the Corporation.

(2) The Central Government shall, as soon as may be after the receipt of such report, cause such report and the audit report received under section 34 <sup>1</sup> [together with any comments thereon or supplement thereto by the Comptroller and Auditor General of India) to be laid before both Houses of Parliament.

1. Inserted by Act 67 of 1972, S. 7 (15-12-72).

CHAPTER 6

MISCELLANEOUS

**36. Vacancies, etc., not to invalidate acts or proceedings of Food Corporation, etc :-**

(1) No act or proceeding of a Food Corporation or a committee thereof or a Board of Management shall be invalid by reason only of the existence of any vacancy in, or any defect in the constitution of the board of directors of the Food Corporation or such Committee or Board of Management.

(2) No act done by any person acting in good faith as a member of a board of directors of a Food Corporation or of a Board of Management shall be deemed to be invalid by reason only of his disqualification for being appointed as, or for being, a member of such board of directors or Board of Management.

**37. Delegation :-**

A Food Corporation may, by general or special order in writing, delegate to the Chairman or any other member of the board of directors or the Secretary or other officer of the Corporation, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act as it may deem necessary.

**38. Declaration of fidelity and secrecy :-**

Every director, member of an Advisory Committee or other committee, auditor, officer or other employee of a Food Corporation and every member of a Board of Management and its staff shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule.

**39. Indemnity of directors :-**

(1) Every member of the board of directors of a Food Corporation and of a Board of Management 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 member of the board of directors of a Food Corporation or a Board of Management shall not be responsible for any other member or for any officer or other employee of the Corporation or

Board of Management or for any loss or expense resulting to the Corporation from the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Corporation in good faith, or by the insolvency or wrongful act of any person under obligation to the Corporation or by anything done in good faith, in the execution of the duties of his office or in relation thereto.

**40. Protection of action taken under this Act :-**

No. suit or other legal proceeding shall lie against a Food Corporation or any member of the board of directors thereof or any officer or other employee thereof or any member of a Board of Management or its staff or any other person authorised by a Food Corporation or a Board of Management to discharge any functions under this Act for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act.

**41. Offences :-**

(1) Whoever, without the consent in writing of a Food Corporation, uses its name in any prospectus or advertisement, shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(2) No Court shall take cognizance of any offence under sub-section (1) except on a complaint in writing by an officer authorised in this behalf by the Food Corporation concerned.

**42. Provision relating to income-tax, supertax, etc :-**

For the purposes of the Income-tax Act, 1961, or any other enactment for the time being in force relating to income-tax, supertax or any other tax on income, profits or gains, a Food Corporation shall be deemed to be a company within the meaning of the Income tax Act, 1961, and shall be liable to tax accordingly on its income, profits and gains.

**43. Winding up of Food Corporation :-**

No provision of law relating to the winding up of companies or corporations shall apply to a Food corporation and it shall not be placed in liquidation save by order of the Central Government and in such manner as that Government may direct.

**44. Power to make rules :-**

(1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, such rule may provide for-

(a) the term of office of, and the manner of filling casual vacancies among, and the other terms and conditions of appointment of, the directors of the Corporation;

(b) the composition of Advisory Committees and the terms and conditions of service of members thereof;

(c) the additional functions which the Corporation may perform;

(d) the remuneration or fees payable to the members of the board of directors of a State Food Corporation and the term of office of, and the manner of filling casual vacancies among, such members;

(e) the securities (other than foodgrains) upon which a Food Corporation may lend or advance money;

(f) the manner in which a Food Corporation may invest its funds;

(g) the form of the annual statement of accounts and the balance sheet to be prepared by a Food Corporation;

(h) any other matter which has to be or may be prescribed.

(3) Every rule made by the Central Government under this section 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 <sup>1</sup> [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.

1. Inserted by Food Corporations (Amendment) Act (53 of 1982) S. 5 (21-10-82).

#### **45. Power of food corporation to make regulations :-**

(1) A Food Corporation may, with the previous sanction of the

Central Government, by notification in the Official Gazette, make regulations<sup>1</sup> not inconsistent with this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

[1A) The power to make regulations under this section shall include the power to give retrospective effect from a date not earlier than the date of commencement of this Act, to the regulations or any of them but no retrospective effect shall be given to any regulation so as to prejudicially affect the interests of any person to whom such regulation may be applicable.]

(2) Without prejudice to the generality of the foregoing power, such regulation may provide for---

(a) the methods of appointment, the conditions of service and the scales of pay of the officers and employees of a Food Corporation, other than the Secretary of the Food Corporation of India;

(b) the duties and conduct of officers and employees of a Food Corporation, other than the Secretary aforesaid;

(c) the functions and duties which may be entrusted or delegated to the managing director or, as the case may be, the General Manager, or a Food Corporation:

(d) the times and places at which meetings of a Food Corporation or any committee thereof shall be held and the procedure to be followed thereat;

(e) the fees and allowances payable to the members of a committee under sub-section (6) of section 14 or sub-section (6) of section 24 ;

(f) generally, the efficient conduct of the affairs of a food Corporation.

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon such regulation shall cease to have effect.

(4) Any regulation which may be made by the Food Corporation of India under this Act may be made by the Central Government within three months from the establishment of that Corporation and any regulation which may be made by a State Food Corporation

under this Act may be made by the Food Corporation of India within three months from the establishment of such State Food Corporation, and any regulation so made may be altered or rescinded by the Food Corporation concerned in the exercise of its powers under this Act.

[(5) Every regulation made 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 regulation or both Houses agree that the regulation should not be made, the regulation 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 regulation.]

1. Inserted by Food Corporations (Amendment) Act (53 of 1982) S. 5 (21-10-82).

#### **46. Validation :-**

No regulation made or purporting to have been made with retrospective effect, under section 45 before the commencement of the Food Corporations (Amendment) Act, 1982 shall be deemed to be invalid or ever to have been invalid merely on the ground that such regulation was made with retrospective effect and accordingly every such regulation and any action taken or thing done thereunder shall be as valid and effective as if the provisions of section 45 , as amended by the Food Corporations (Amendment) Act. 1982. were in force at all material times when such regulation was made or action or thing was taken or done.)

#### SCHEDULE 1

#### THE SCHEDULE

<p>\\ \\ (See Section 38 ) Declaration of fidelity and Secrecy I.----- ----- declare that I will faithfully, truly and to the best of my judgment, skill and ability execute and perform the duties which are required of me as director. Member of ----- \\ \\ \\ \\ \\ \\ \\ \\ \\ Food Corporation of India committee, officer, employee or auditor (as the case may be of the ----- or as member \\ \\ \\ \\ \\ \\ \\ \\ \\ Food Corporation of the Hoard of Food Corporation Management at ----- ----- under the Food Corporation of India and which properly relate to the office or position in or in relation to that Corporation held by me. I further declare that I will not communicate or allow to be communicated to</p>
--

any person not legally entitled thereto any information relating to the affairs of the said Corporation or to the affairs of any person having any dealing with the said Corporation nor will I allow any person not legally entitled as aforesaid to inspect or have access to any books or documents belonging to, or in the possession of, the said Corporation and relating to the business of the said Corporation or the business of any person having any dealing with the said corporation \ \ \ \ \ \ \ \ \ (Signature Signed before me.