

**MARUTI LIMITED (ACQUISITION AND TRANSFER OF  
UNDERTAKINGS) ACT, 1980**

**64 of 1980**

**[27th December, 1980]**

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## **SCHEDULE 1 :-ORDER OF PRIORITIES FOR THE DISCHARGE OF LIABILITIES OF THE COMPANY**

### **MARUTI LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1980**

**64 of 1980**

**[27th December, 1980]**

Maruti Limited was granted an industrial licence for the manufacture of 50,000 passenger cars per annum. The company acquired a sizable piece of land and set up infrastructural facilities in District Gurgaon in the State of Haryana. The project envisaged not only the manufacture of cars but also growth of ancillary units. As a result of certain unanticipated adverse factors, the Company could not achieve the expected level of production and meet its financial obligations. There was a run on the company by the creditors, and liquidation proceedings were initiated in the Punjab and Haryana High Court where an order for winding up the company was passed. 2. Looking to the present state of the car industry in the country. Government felt that it would be desirable to set up a public sector undertaking under the Central Government

for the manufacture of passenger cars, commercial vehicles and other connected items and to utilise the valuable industrial infrastructure already available at the Maruti complex. Apart from upto-dating car manufacturing technology in the country, the manufacture of the aforesaid items would generate substantial additional employment and encourage the growth of ancillaries and would thus serve general public interest. It was, therefore, decided to acquire the undertakings of this Company. Accordingly, the Maruti Limited (Acquisition and Transfer of Undertakings) Ordinance, 1980 was promulgated by the President on the 13th October, 1980. 3. The Ordinance, apart from providing for the acquisition and transfer of the undertakings of the Maruti Limited, provided also for the payment of an amount for such acquisition, management of the undertakings of the company after the acquisition, appointment of a Commissioner of Payments for the purpose of disbursing the amount payable to the company and for other incidental and consequential matters. 4. The Bill seeks to replace the aforesaid Ordinance- Gaz. of India, 8-12-1980. Pt. II. S. 2, Ext., p. 1273.

CHAPTER 1  
PRELIMINARY

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

(1) This Act may be called the Maruti Limited (Acquisition and Transfer of Undertakings) Act, 1980.

(2) It shall be deemed to have come into force on the 13th day of October, 1980.

**2. Definitions :-**

In this Act, unless the context otherwise requires,

(a) "appointed day" means the 13th day of October, 1980;

(c) "Company" means Maruti Limited, being a company within the meaning of the Companies Act, 1956, and having its registered office at Palam Gurgaon Road, Gurgaon (Haryana).

(d) "notification" means a notification published in the Official Gazette;

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

(f) "specified date", in relation to any provision of this Act, means such date as the Central Government may by notification specify

for the purposes of that provision, and different dates may be specified for different provisions of this Act:

(g) words and expressions used herein and not defined but defined in the Companies Act, 1956, shall have the meanings, respectively, assigned to them in that Act.

## CHAPTER 2

### ACQUISITION AND TRANSFER OF THE UNDERTAKINGS OF THE COMPANY

#### **3. Transfer to, and vesting in, the Central Government of the undertakings of the Company :-**

On the appointed day, the undertakings of the Company, and the right, title and interest of the Company in relation to its undertakings, shall, by virtue of this Act, stand transferred to, and vest in, the Central Government.

#### **4. General effect of vesting :-**

( 1 ) The undertakings of the Company shall be deemed to include all assets, rights, lease-holds, powers, authorities and privileges, and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery and equipment, cash balances, cash on hand, reserve funds, investments, book debts and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control of the Company, whether within or outside India, and all books of account, registers and all other documents of whatever nature relating thereto.

(3) Every mortgagee of any property which has vested under this Act in the Central Government and every person holding any charge, lien or other interest in, or in relation to, any such property, shall give, within such time and in such manner as may be prescribed, an intimation to the Commissioner of such mortgage, charge, lien or other interest.

#### **5. Central Government or Government company not to be liable for prior liabilities :-**

#### **6. Power of Central Government to direct vesting of the undertakings of the Company in and Government company :-**

(2) Where the right, title and interest of the Company, in relation

to its undertakings, vest in a Government company under sub-section ( 1 ), the Government company shall, on and from the date of such vesting, be deemed to have become the owner in relation to such undertakings, and all the rights and liabilities of the Central Government in relation to such undertakings shall on and from the date of such vesting, be deemed to have become the rights and liabilities of the Government company.

#### CHAPTER 3

##### PAYMENT OF AMOUNTS

#### **7. Payment of amount :-**

For the transfer to. and vesting in. the Central Government, under section 3 of the undertakings of the Company and the right, title and interest of the Company in relation to its undertakings, there shall be paid by the Central Government to the Company, in cash, and in the manner specified in Chapter VI, an amount of rupees four hundred and thirty-four lakhs.

#### **8. Payment of further amount :-**

#### CHAPTER 4

##### MANAGEMENT, ETC. OF THE UNDERTAKINGS OF THE COMPANY

#### **9. Management, etc.. of the undertakings of the Company :-**

(b) where no such direction has been made by the Central Government, vest in one or more Custodians appointed by the Central Government under sub-section (2), and thereupon the Government company so specified or the Custodian or Custodians so appointed, as the case may be. shall be entitled to exercise, to the exclusion of all of her persons, all such powers and do all such things as the Company was authorised to exercise and do in relation to its undertakings.

#### **10. Duty to deliver possession of the undertakings of the Company and documents relating thereto :-**

(2) On the vesting of the management of the undertakings of the Company in a Government company or on the appointment of the Custodian or Custodians, the Official Liquidator of the Company or any other person who has, on the appointed day, in his possession or custody or under his control any books, documents or other papers relating to the undertakings of the Company immediately before such vesting or appointment, shall be bound to deliver the said books, documents or other papers to the Government company

or the Custodian or Custodians or to such person as the Central Government or the Government

company, as the case may be, may specify in this behalf.

(4) The Central Government may issue such directions as it may deem desirable in the circumstances of the case to the Government company, or the Custodian or Custodians, and such Government company. Custodian or Custodians may also, if it is considered necessary so to do, apply to the Central Government at any time for instructions as to the manner in which the management of the undertakings of the Company shall be conducted or in relation to any other matter arising in the course of such management.

(5) The Custodian or Custodians shall receive from the funds of the undertakings of the Company such remuneration as the Central Government may fix and shall hold office during the pleasure of the Central Government.

### **11. Duty to furnish particulars :-**

(1) The Company shall, within such period as the Central Government may allow in this behalf, furnish to that Government or to the Government company a complete inventory of all the properties and assets of the Company as on the appointed day pertaining to (he undertakings which have vested in the Central Government or the Government company, as the case may be.

(2) So much of the obligation of the Company under sub-section ( 1 ) as relates to the properties and assets of the Company in the possession, custody or control of the Official Liquidator of the Company shall be discharged by him.

### **12. Accounts and audit :-**

The Custodian or Custodians of the undertakings of the Company shall maintain an account of the undertakings of the Company in such form and manner and subject to such conditions as may be prescribed and the provisions of the Companies Act, 1956, shall apply to the audit of the accounts so maintained as they apply to the audit of the accounts of a company.

## **CHAPTER 5**

### **PROVISIONS RELATING TO THE EMPLOYEES OF THE COMPANY**

### **13. Employment of certain employees to continue :-**

(1) Every person who has been, immediately before the appointed

day, employed in any of the undertakings of the Company shall become,

(a) on and from the appointed day an employee of the Central Government; and

(2) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any officer or other person employed in any undertaking of the Company to the Central Government or the Government company shall not entitle such officer or other employee to any compensation under this Act or 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, .

(3) Where, under the terms of any contract of service or otherwise, any person, whose services become transferred to the Central Government or the Government company by reason of the provisions of this Act, is entitled to any arrears of salary or wages or any payments for any leave not availed of or any other payment, not being payment by way of gratuity or pension, such person may enforce his claim against the Company, but not against the Central Government or the Government company.

#### **14. Provident fund and other funds :-**

(1) Where the Company has established a provident fund, superannuation fund; welfare fund or any other fund for the benefit of the persons employed in any of the undertakings of the [Vol. 33] 5 A.M. 52 Company, the monies relatable to the officers or other employees, whose services have become transferred, by or under this Act, to the Central Government or the Government company, shall out of the monies standing on the appointed day, to the credit of such provident fund, superannuation fund, welfare fund or other fund, stand transferred to, and vest in, the Central Government or the Government company, as the case may be.

(2) The monies which stand transferred under sub-section (1) to the Central Government or the Government company as the case may be, shall be dealt with by that Government or that Government company in such manner as may be prescribed.

#### **CHAPTER 6**

#### **COMMISSIONER OF PAYMENTS**

## **15. Appointment of Commissioner of Payments :-**

(2) The Central Government may appoint such other persons as it may think fit to assist the Commissioner and thereupon the Commissioner may authorise one or more of such persons also to exercise all or any of the powers exercisable by him under this Act and different persons may be authorised to exercise different powers.

(3) Any person authorised by the Commissioner to exercise any of the powers exercisable by the Commissioner may exercise those powers in the same manner and with the same effect, as if they have been conferred on that person directly by this Act and not by way of authorisation.

(4) The salaries and allowances of the Commissioner and other persons appointed under this section shall be defrayed out of the Consolidated Fund of India.

## **16. Payment by the Central Government to the Commissioner :-**

(2) A deposit account shall be opened by the Central Government in favour of the Commissioner in the Public Account of India, and every amount paid under this Act to the Commissioner shall be deposited by him to the credit of the said deposit account and the said deposit account shall be operated by the Commissioner.

(3) Records shall be maintained by the Commissioner in respect of the undertakings of the Company in relation to which payment has been made to him under this Act.

(4) The interest accruing on the amount standing to the credit of the deposit account referred to in sub-section (2) shall enure to the benefit of the Company.

## **17. Certain powers of the Central Government or Government company :-**

( 1 ) The Central Government or the Government company, as the case may be, shall be entitled to receive up to the specified date, to the execution of all other persons, any money due to the Company, in relation to its undertakings which have vested in the Central Government or the Government company, and realised after the appointed day, notwithstanding that the realisation pertains to a period prior to the appointed day.

(2) The Central Government or the Government company, as the case may be, may make a claim to the Commissioner with regard to every payment made by it after the appointed day for discharging any liability of the Company in relation to any period prior to the appointed day, and every such claim shall have priority in accordance with the priorities attaching, under this Act, to the matter in relation to which such liability has been discharged by the Central Government or the Government company.

(3) Save as otherwise provided in this Act, the liabilities of the Company in respect of any transaction prior to the appointed day, which have not been discharged on or before the specified date, shall be the liabilities of the Company.

**18. Claims to be made to the Commissioner :-**

Every person having a claim against the Company shall prefer such claim before the Commissioner within thirty days from the specified date : Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim within the said period of thirty days, he may entertain the claim within a further period of thirty days and not thereafter.

**19. Priority of claims :-**

The claims arising out of the matters specified in the Schedule shall have priorities in accordance with the following principles, namely :-

(a) Category I shall have precedence over all other categories and Category II shall have precedence over Category III, and so on;

(b) the claims specified in each of the categories shall rank equally and be paid in full, but, if the amount is insufficient to meet such claims in full, they shall abate in equal proportions and be paid accordingly: and

(c) the question of discharging any liability with regard to a matter specified in a lower category shall arise only if a surplus is left after meeting all the liabilities specified in the immediately higher category.

**20. Examination of claims :-**

(2) If, on examination of the claims, the Commissioner is of opinion that the amount paid to him under this Act is not sufficient to meet the liabilities specified in any lower category, he shall not be

required to examine the claims in . respect of such lower category.

**21. Admission or rejection of claims :-**

(1) After examining the claims with reference to the priorities set out in the Schedule, the Commissioner shall fix a certain date on or before which every claimant shall file the proof of his claim.

(2) Not less than fourteen days' notice of the date so fixed shall be given by advertisement in one issue of any daily newspaper in the English language having circulation in the major part of the country and one issue of any daily newspaper in such regional language as the Commissioner may consider suitable, and every such notice shall call upon the claimant to file the proof of his claim with the Commissioner within the period specified in the advertisement.

(3) Every claimant who fails to file the proof of his claim within the time specified by the Commissioner shall be . excluded the disbursements made by the Commissioner.

(4) The Commissioner shall, after such investigation as may, in his opinion, be necessary and after giving the Company an opportunity of refuting the claim and after giving the claimant a reasonable opportunity of being heard, by order in writing, admit or reject the claim in whole or in part.

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(7) A claimant, who is dissatisfied with the decision of the Commissioner may prefer an appeal against the decision to the principal Civil Court of original jurisdiction within the local limits of whose jurisdiction the registered office of the Company is situated Provided that where a person who is a Judge of a High Court is appointed to be the Commissioner, the appeal shall lie to the High Court of Punjab and Haryana and such appeal shall be heard and disposed of by not less than two Judges of that High Court.

**22. Disbursement of money by the Commissioner to claimants :-**

After admitting a claim under the Act, the amount due in respect of such claim shall be paid by the Commissioner to the person or persons to whom such amount is due, and, on such payment, the liability of the Company in respect of any claim relating to the undertakings of the Company shall stand discharged.

**23. Disbursement of amounts to the Company :-**

( 1 ) If, out of monies paid to him in relation to the undertakings of the Company, there is a balance left after meeting the liabilities as specified in the Schedule, the Commissioner shall disburse such balance to the Company.

(2) Where the possession of any machinery, equipment or other property, has vested in the Central Government or a Government Company under this Act, but such machinery, equipment or other property does not belong to the Company, it shall be lawful for the Central Government or the Government company to continue to possess such machinery or equipment or other property on the same terms and conditions under which they were possessed by the Company immediately before the appointed day.

**24. Undisbursed or unclaimed amount to be deposited to the general revenue account :-**

Any money paid to the Commissioner which remains undisbursed or unclaimed on the date immediately preceding the date on which the office of the Commissioner is finally wound up, shall be transferred by the Commissioner, before his office is finally wound up, to the general revenue account of the Central Government; but a claim to any money so transferred may be preferred to the Central Government by the person entitled to such payment and shall be dealt with as if such transfer had not been made, and the order, if any, for payment of the claim, being treated as an order for the refund of revenue.

CHAPTER 7  
MISCELLANEOUS

**25. Act to have overriding effect :-**

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law, other than this Act, or in any decree or order of any Court, tribunal or other authority.

**26. Contracts to cease to have effect unless ratified by Central Government or Government company :-**

Every contract entered into by the Company in relation to its undertakings, which has vested in the Central Government under section 3 , for any service, sale or supply and in force immediately before the appointed day, shall, on and from the expiry of one hundred and eighty days from the appointed day, cease to have

effect unless such contract is, before the expiry of that period, ratified, in writing, by the Central Government or Government company, in which such undertakings have been vested under this Act, and in ratifying such contract, the Central Government or such Government company may make such alteration or modification therein as it may think fit: Provided that the Central Government or such Government company shall not omit to ratify a contract and shall not make any alteration or modification in a contract-

(a) unless it is satisfied that such contract is unduly onerous or has been entered into in bad faith or is detrimental to the interests of the Central Government or such Government company, and

(b) except after giving to the parties to the contract a reasonable opportunity of being heard and except after recording in writing its reasons for refusal to ratify the contract or for making any alteration or modification therein.

### **27. Protection of action taken in good faith :-**

(1) No suit, prosecution or other legal proceeding shall lie against the Central Government or any officer of that Government or the Government company or the Custodian or any officer or other person authorised by the Central Government or the Government company for anything which is in good faith done or intended to be done under this Act.

(2) No suit or other legal proceeding shall lie against the Central Government or any of its officers or other employees or the Government company or the Custodian or any officer or other person authorised by the Central Government or the Government company for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

### **28. Delegation of powers :-**

(2) Whenever any delegation of power is made under sub-section (1), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

### **29. Penalties :-**

Any person who,-

(a) having in his possession, custody or control any property forming part of any undertakings of the Company, wrongfully

withholds such property from the Central Government or the Government company; or

(b) wrongfully obtains possession of, or retains, any property forming part of, the undertakings of the Company; or

(c) wilfully withholds or fails to furnish to the Central Government or the Government company or to any person or body of persons specified by that Government or such Government company, a; the case may be, any document or inventory relating to the undertakings of the Company, which may be in his possession, custody or control: or

(d) fails to deliver to the Central Government or the Government company or to any person or body of persons specified by that Government or Government company, any assets, books of account, registers or other documents in his possession, custody or control, relating to the undertakings of the Company; or

(e) wrongfully removes or destroys any property forming part of the undertakings of the Company: or

(f) prefers any claim under this Act which he knows or has reasonable cause to believe to be false or grossly inaccurate, shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both,

### **30. offences by companies :-**

(1) Where an offence under this Act has been committed by a company, every person who. at the time the offence was committed, was in charge of, and was responsible to the company, for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and .shall be liable to be proceeded against and punished accordingly; Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence,

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of,

any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

### **31. Power to make rules :-**

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or 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.

### **32. Power to remove difficulties :-**

If any difficulty arises in giving effect to the provisions of this Act the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty: Provided that no such order shall be made after the expiry of a period of two years from the appointed day.

### **33. Repeal and saving :-**

(1) The Maruti Limited (Acquisition and Transfer of Undertakings) Ordinance, 1980, is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Ordinance so repealed shall be deemed to have been done or taken under the corresponding provisions of this Act.

#### **SCHEDULE 1**

#### **ORDER OF PRIORITIES FOR THE DISCHARGE OF LIABILITIES OF THE COMPANY**

Category I- (a) Employees' dues on account of unpaid salaries, wages, provident fund. Employees' State Insurance contribution or premium relating to the Life Insurance Corporation of India or any other amounts due to the employees; (b) Revenues, taxes, cesses, rates or other dues to the Central Government, State Government and local authorities or the State Electricity Board. Category II- Amounts due to the Government of Haryana towards the cost of land. Category III- Secured loans with interest. Category IV- (a) Deposits received from the public or from the members of the Company. (b) Deposits towards dealership; (c) Any credit availed of for
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purposes of trade or manufacturing operations; (d) Share application monies where shares were not allotted. Category V- Any other dues.