

**NATIONAL COMPANY LIMITED (ACQUISITION AND
TRANSFER OF UNDERTAKINGS) ADMINISTRATION OF
FUNDS RULES, 1981**

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STATEMENT OF OBJECTS AND REASONS Messrs National Company Limited, Calcutta, was promoted In 1917 by Andrew Yule and Company Limited. It functioned under the managing agency of the latter till 1959 when the Express Newspapers Group acquired a controlling interest in the Company. The Company, was not being managed in a manner befitting its size. Investigations also revealed gross mismanagement and grave financial irregularities in the working of the Company. The Company had also been incurring cash losses since 1971. The management of the Company was, therefore, taken over by the Central Government under Section 18-AA of the Industries (Development and Regulation) Act, 1951, in July 1976. 2. The Company owns the largest jute mill in the country which produces jute goods which are essential to the needs of the economy of the country. It has an installed capacity to produce 21.5 thousand metric tonnes of carpet backing cloth which not only earns valuable foreign exchange for the country but also represents 10 per cent of the total capacity of this fabric in the country. The main problems besetting this Company had been,- (i) Inadequate liquidity, (ii) Poor maintenance of plant and machinery, (iii) High interest burden, (iv) High wage bills because of the surplus labour. The Company had a negative net worth and, on its own, it was not in a position to raise funds required to keep the mill going. 3. Closure of the mill would have thrown out of employment a labour force of 12,000 besides adversely affecting the production of the jute goods. Government and public financial institutions had therefore, to invest more than Rs. 13 crores in the Company.

Further, the plant and machinery of the Company had to be modernised and renovated and this involved an additional investment to the tune of about Rs. 10 crores. It was felt that further investment of public funds should be preceded by some arrangement which ensured continuity of the management of the Company with the Government. It was, therefore, decided to acquire the undertakings of this Company. Accordingly, the National Company Limited (Acquisition and Transfer of Undertakings) Ordinance, 1980, was promulgated by the President on the 27th April, 1980. 4. The Ordinance, apart from providing for the acquisition and transfer of the undertakings of the National Company Limited provided for payment of an amount for such acquisition, management of the undertakings of the Company after their 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. 5. The Bill seeks to replace the aforesaid Ordinance. New Delhi: The 21st June, 1980. Z.R.Ansari. [Gazette of India Extraordinary, Pt. II S. 2, dated 26.6.1980, P. 643 (No 24)].

1. Short title and commencement :-

(1) These rules may be called the National Company Limited (Acquisition and Transfer of Undertakings) Administration of Funds Rules, 1981.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions :-

In these rules, unless the context otherwise requires,-

(a) "Act" means The National Company Limited (Acquisition and Transfer of Undertakings) Act, 1980 (42 of 1980) ;

(b) "Provident Fund" means the Provident Fund established by Messrs. National Company Limited for the benefit of persons employed in any of the undertakings owned by it ;

(c) words and expressions used in these rules and not defined but defined in the Act or in the Companies Act, 1956 shall have the meanings respectively assigned to them in the aforesaid Acts.

3. Administration of Provident Fund :-

The monies standing to the credit of the Provident Fund relating

to the employees whose services stand transferred by or under the Act to the Central Government or the existing Government company or the new Government company, as the case may be, shall, on and from the appointed day and till such time as alternative modes of their administration or disposition or both are formulated, be dealt with by the Central Government or the existing Government company or the new Government company, as the case may be, in accordance with the provisions of the rules, regulations and bye-laws applicable to, or of any law governing the Provident Fund and Its administration immediately before the appointed day, with such modifications as may be carried out In that said rules, regulations and bye-laws by the appropriate authority.

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