

**KARNATAKA RELIEF UNDERTAKINGS (SPECIAL
PROVISIONS) ACT, 1977**

24 of 1977

[]

CONTENTS

1. Short title, extent and commencement
2. Definitions
3. Declaration of relief undertaking
- 4 . Power to specify industrial relations and other facilities temporarily
5. Suspension or modification of certain remedies, etc
6. Period of limitation
7. Power to make rules

SCHEDULE 1 :- SCHEDULE

**KARNATAKA RELIEF UNDERTAKINGS (SPECIAL
PROVISIONS) ACT, 1977**

24 of 1977

[]

STATEMENT OF OBJECTS AND REASONS KARNATAKA ACT No. 24 of 1977 Karnataka Gazette, Extraordinary, dated 4-7-1977

1. There are a number of sick undertakings, some of which have even remained closed for a considerable length of time resulting in loss of production, unemployment and hardship to employees, etc. It is necessary to revive these units, gear up production and provide employment.

2. The causes for sickness of these industries are mainly erosion of capital as a result of continuous losses, inadequate working capital because of the Commercial Banks and creditors choking up assistance for fear of dilution of security, poor liquidity, pressure from creditors for settlement of claims and the labour unrest like strikes, lay-off etc. The State Government have in consultation with the concerned financial institutions and commercial banks been taking active interest in rehabilitating most of such units; for example, Mysore Electro-Chemical Works Limited, Karnataka Steel and Wire Products Ltd., Tanfort Tyres Ltd., Sree

Shankara Textile Mills, Mysore Tools Limited etc. In the case of Mysore Electro-Chemical Works Limited, the Industrial Reconstruction Corporation of India Limited, Calcutta (a Government of India Organisation) are the chief promoters for its rehabilitation. In all these cases, the State Government as also the financing institutions and Commercial Banks have reasons to apprehend that any effort to rehabilitate the undertakings by providing the required additional financial assistance might not have the desired result (successful rehabilitation) as any move by creditors for liquidation of the Company (by filling a liquidation petition in the High Court) might retard nullify the entire efforts. It is, therefore, necessary to have an enactment which would enable the State Government to give relief to the unit declared as "Relief Undertaking" against creditors and labour pressure. Hence this Bill.

1. Short title, extent and commencement :-

- (1) This Act may be called the Karnataka Relief Undertakings (Special Provisions) Act, 1977.
- (2) It extends to the whole of the State of Karnataka.
- (3) It shall come into force on such date as the State Government may, by notification, appoint.

2. Definitions :-

In this Act, unless the context otherwise requires.-

- (1) "Government company" shall have the same meaning assigned to it in Section 617 of the Companies Act, 1956 ;
- (2) "Industry" means any business, trade, undertaking manufacture or calling of employers and includes any calling, service, employment, handicraft or industrial occupation or avocation of workmen and the word "industrial" shall be construed accordingly;
- (3) "Relief undertaking" means a State industrial undertaking declared as such under Section 3 ;
- (4) "State industrial undertaking" means an industrial undertaking.-
 - (a) which is started or which or the management of which is under any law or agreement acquired or otherwise taken over by the State Government or by a Government company and is run or

proposed to be run by or under the authority of the State Government or a Government company; or

(b) to which any loan advanced or grant has been given or in respect of any loan whereof, a guarantee has been given by the State Government or a Government company or a Corporation owned or controlled by the State Government.

3. Declaration of relief undertaking :-

The State Government may, if it is satisfied that it is necessary or expedient so to do in the public interest with a view to enable the continued running of State industrial undertaking as a measure of providing relief against unemployment, declare, by notification, that any State industrial undertaking shall on and from such date and for such period as may be specified in the notification be a relief undertaking:

Provided that the period so specified shall not exceed in the first instance two years but may by a like notification be extended from time to time by any period not exceeding one year at a time so, however, that the aggregate shall not be more than [twelve years].

4. Power to specify industrial relations and other facilities temporarily :-

(1) Notwithstanding any law, usage, custom, contract, instrument, decree, order, award, submission, settlement, standing order or other provisions whatsoever, the State Government may, if satisfied that it is necessary so to do for the purpose specified in Section 3 , by notification, direct.-

(a) that in relation to relief undertaking all or any of the enactments specified in the Schedule to this Act shall not apply or shall apply with such adaptations, whether by way of modification, addition or omission as may be specified in such notification; or

(b) that the operation of all or any of the contracts, assurances of property, agreements, settlements, awards, standing orders or other instruments in force (to which any relief undertaking is a party or which may be applicable to any relief undertaking) immediately before the date on which the State industrial undertaking is declared to be a relief undertaking shall remain suspended or that all or any of the rights, privileges, obligations and liabilities accruing or arising thereunder before the said date, shall remain suspended or shall be enforceable with such

modifications and in such manner as may be specified in such notification.

(2) The notification issued under sub-section (1) shall have overriding effect notwithstanding anything to the contrary contained in any other law, agreement, or instrument or decree or order of a Court, Tribunal, officer or other authority.

5. Suspension or modification of certain remedies, etc :-

Any remedy for the enforcement of any right, privilege, obligation or liability referred to in clause (b) of sub-section (1) of Section 4 and suspended or modified by a notification under that sub-section shall, in accordance with the terms of the notification, be suspended or modified and all proceedings relating thereto pending before any Court, Tribunal or officer or other authority shall accordingly be stayed or be continued subject to such modification, so, however, that on the notification ceasing to have effect.-

(a) any right, privilege, obligation or liability so suspended or modified shall revive and be enforceable as if the notification had never been issued; and

(b) any proceeding so stayed shall be proceeded with subject to the provisions of any law which may then be in force from the stage which had been reached when the proceeding was stayed.

6. Period of limitation :-

In computing the period of limitation for the enforcement of any right, privilege, obligation or liability referred to in clause (b) of sub-section (1) of Section 4 , the period during which it or the remedy for the enforcement thereof was suspended, shall be excluded.

7. Power to make rules :-

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

(2) Every rule made under this Act shall be laid as soon as may be after it is made before each House of the State Legislature 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 session 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, from the date on which the modification or annulment is notified by the Government in the Official Gazette, 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 such rule.

SCHEDULE 1

SCHEDULE

SCHEDULE

[See Section 4(1)(a)]

1. The Industrial Employment (Standing Orders) Act, 1946 (Central Act 20 of 1946);
2. The Industrial Disputes Act, 1947 (Central Act 14 of 1947);
3. The Minimum Wages Act, 1948 (Central Act 11 of 1948)
4. The Karnataka Shops and Commercial Establishments Act, 1961 (Karnataka Act 8 of 1962)