

The Bangladesh Small and Cottage Industries Corporation Act, 1957

(ACT NO. XVII OF 1957)

♣ **An Act to establish a Corporation for the purpose of promoting the development of [small and cottage industries in Bangladesh].**

WHEREAS it is expedient to establish a Corporation for the purpose of promoting the development of ¹[small and cottage industries in Bangladesh];

It is hereby enacted as follows:-

Short title, extent and commencement 1. ²[(1) This Act may be called the Bangladesh Small and Cottage Industries Corporation Act, 1957.]

(2) It extends to the whole of ³[Bangladesh].

(3) It shall come into force on such date as the Government may, by notification in the official Gazette, appoint.

Interpretation 2. In this Act, unless there is anything repugnant in the subject or context,-

(a) "Board" means the Board of Directors of the Corporation;

(b) "borrower" means any person or persons or body of persons, whether incorporated or not, to whom a loan is made by the Corporation under this Act and the successors and assignees of such person or persons;

⁴[(bb) 'Chairman' means the Chairman of the Board;]

(c) "Corporation" means the Small and Cottage Industries Corporation established by this Act;

⁵[(cc) "cottage industry" means an Industry which is carried on primarily with the help of the members of a family either as a whole time or part time

occupation and the total investment of which does not exceed such amount as the Government may, by notification in the official Gazette, fix but shall not include a factory under the Factories Act, 1965 (E. P. Act IV of 1965);]

⁶[* * *]

⁷[(dd) 'Director' means the Director of the Board;]

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

(f) "scheduled bank" means a bank for the time being included in the list of banks maintained under ⁸[clause (1) of Article 37 of the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972).]

⁹[(g) 'small industry' means an industrial unit which is a factory as defined in clause (f) of section 2 of the Factories Act, 1965 (E.P. Act IV of 1965), and the total investment in fixed assets ¹⁰[excluding] value of land of which does not exceed such amount as the Government may, by notification in the official Gazette, fix and such notification may be given retrospective effect;]

¹¹[* * *] and

(i) "subsidiary corporation" means a corporation sponsored by the Small and Cottage Industries Corporation for the furtherance of its objectives, but operating in a specified area or areas or in respect of one or more specified industry.

Establishment and incorporation of Corporation

3. (1) A Corporation to be called "the Small and Cottage Industries Corporation" shall be established as soon as may be after the commencement of this Act.

(2) The Corporation shall be a body corporate by the name of the Small and Cottage Industries Corporation, having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire and hold property, both movable and immovable, and shall by the said name sue and be sued.

**Share
capital and
shareholders**

4. (1) The authorised capital of the Corporation shall, in the first instance, be one crore of Taka, divided into one lakh fully paid up shares of ¹²[Taka] 100 each. These shares may be issued and allotted by the Corporation from time to time with the previous sanction of the Government.

(2) The authorised capital may, with the previous approval of the Government, be increased from time to time by the Corporation.

(3) The Government shall be a share-holder of the Corporation and shall subscribe to and hold not less than fifty-one per centum of the shares issued by the Corporation at any time; the remaining shares shall be reserved for public subscriptions.

**Guarantee
by
Government**

5. (1) The amount subscribed on the shares of the Corporation and a minimum annual dividend thereon shall be guaranteed by the Government. Before the issue of any shares of the Corporation, the Government shall by notification in the official Gazette fix the minimum rates of dividend payable on the shares, and the Corporation shall annually and regularly pay to the share-holders a dividend not less than that fixed by the Government.

If at any time the Corporation is wound up, an amount not less than that subscribed on each share shall be payable to the share-holder.

(2) The shares and debentures of the Corporation shall be deemed to be "approved securities" for purposes of the Trusts Act, 1882.

Management

6. (1) The general direction and administration of the Corporation and its affairs shall vest in a Board of Directors which, may exercise all powers and do all acts and things which may be exercised or done by the Corporation.

(2) The Board in discharging its functions shall act on commercial considerations and shall be guided on questions of policy by such directions as the Government, which shall be the sole judge whether a question is a question of policy, may give it.

(3) [Omitted by section 3 of the Bangladesh Small Industries Corporation (Amendment) Act, 1990 (Act No. LVII of 1990).]

Composition of Board

13[7. The Board shall consist of seven Directors to be appointed by the Government.]

Term of office of Directors

8. Each Director shall-

(a) be a whole time officer of the Corporation;

(b) perform such duties as the Board may, by regulations, assign to him;

(c) divest himself of any directorship or other interest held by him in any other corporation, company, or concern other than public companies sponsored by the Corporation before assuming office as Director;

(d) subject to the provision of section 11, hold office for a term of three years and may be re-appointed for a further term or terms of such duration as the Government may determine; and

(e) receive such salary and allowances as the Government may determine.

Chairman

9. (1) The Government shall appoint one of the Directors to be the Chairman of the Board, who shall be the chief executive of the Corporation.

(2) Subject to his continuing to hold office as a Director, the Chairman shall hold office as Chairman for a term of three years and, subject as aforesaid, shall remain in office as Chairman thereafter until his successor in that office is appointed and may, subject as aforesaid, be appointed to hold that office for a further term or terms as the Government may determine.

(3) [Omitted by section 7 of the Bangladesh Small Industries Corporation (Amendment) Ordinance, 1976 (Ordinance No. XXXIV of 1976).]

Finance Director

10. The Government shall appoint one of the Directors to be the Finance Director, who shall exercise such powers and discharge such duties as

**Disqualification
of Directors**

11. (1) No person shall be or shall continue to be Director who-

(a) is or at any time has been convicted of an offence involving moral turpitude; or

(b) is or at any time has been adjudicated insolvent; or

(c) is found to be lunatic or becomes of unsound mind; or

(d) is or at any time has been disqualified for employment in, or dismissed from, the service of ¹⁴[the Republic]; or

(e) is a minor.

(2) The Government may, by order in writing, remove the Chairman or a Director if he-

(a) refuses or fails to discharge or becomes, in the opinion of the Government, incapable of discharging his responsibilities under this Act; or

(b) has, in the opinion of the Government, abused his position as Chairman or Director; or

(c) has knowingly acquired or continued to hold, without the permission in writing, of the Government, directly or indirectly, or through a partner, any share or interest in any contract or employment with, by or on behalf of the Corporation, or in any property which, in his knowledge, is likely to benefit or has benefited as a result of the operations of the Corporation; or

(d) has absented himself from three consecutive meetings of the Board without the leave of the Government, in the case of the Chairman, or of the Chairman, in the case of the Director.

**Vacancies
etc. not to
invalidate
act or
proceeding
of the
Board**

12. No act or proceeding of the Board shall be invalid by reason only of the existence of any vacancy in, or any defect in the constitution of, the Board.