

**THE MAHARASHTRA STATE-AID TO INDUSTRIES ACT, 1960**

*[Text as on 24<sup>th</sup> April 2025]*

---

CONTENTS

PREAMBLE.

SECTIONS.

1. Short title, extent and commencement.
2. Definitions.
3. Power of State Government to grant loans to village and small scale industries.
4. Application for loans.
5. Repayment of loan.
6. Recovery of loans.
7. Power to make rules.



**LIST OF AMENDMENT ACTS**

1. Amended by Mah. 35 of 1964
2. Amended by Mah. 26 of 1968<sup>1</sup>

---

<sup>1</sup> Section 3 of Maharashtra 26 of 1968 reads as follows :—

**“3. Saving.—** Nothing contained in this Act shall affect the terms and conditions of any loan granted to any person under the Maharashtra State-aid to Industries Act, 1960, before the commencement of this Act.”



**MAHARASHTRA ACT No. XVII OF 1960<sup>1</sup>**

[THE MAHARASHTRA STATE-AID TO INDUSTRIES ACT, 1960.]

[This Act received the assent of the Governor on the 24<sup>th</sup> September 1960; assent was first published in the *Maharashtra Government Gazette*, Extraordinary No. 18, part IV, on the 7<sup>th</sup> October 1960.]

**An Act to regulate grant of loans to Small Scale and Cottage Industries in the State of Maharashtra and for purposes connected therewith.**

WHEREAS it is expedient to regulate the grant of loans to Small Scale and Cottage Industries in the State of Maharashtra; It is hereby enacted in the Eleventh Year of the Republic of India as follows :—

**1. Short title, extent and commencement.**— (1) This Act may be called the Maharashtra State-aid to Industries Act, 1960.

(2) It extends to the whole of the State of Maharashtra.

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

**2. Definitions.**— In this Act, unless the context requires otherwise,—

(a) “borrower” means a person who has received a loan under this Act and which has not been repaid in full;

(b) “cottage industry” means an industry prescribed by rules made by the State Government, regard being had in particular to the fact that such industry is carried on by an artisan in or near this home, and the capital of which does not exceed Rs. 25,000 (or such other sum as the State Government may from time to time in such rules denote);

(c) “industry” means the manufacture, preservation or processing of goods, or any handicraft, or industrial business or enterprise, carried on by any person;

(d) “loan” means a loan granted under this Act;

<sup>3</sup>[(e) “small scale industry” means any industry which has a capital investment in plant and machinery of not more than rupees seven hundred and fifty thousand, irrespective of the number of persons employed therein.

*Explanation.*— The value of the plant and machinery for ascertaining the capital investment shall be the price paid by the borrower of such plant and machinery.]

**3. Power of State Government to grant loans to village and small scale industries.**— For the purpose of encouraging the economical development of the State in general, subject to such rules as may be made under section 7, loans may be granted under this Act, by such officers of the State Government as the State Government may empower in this behalf, to small scale and cottage industries.

**4. Application for loans.**— (1) Any person desiring to obtain a loan under section 3 for any cottage industry, or small scale industry, shall make an application addressed to the officer empowered under that section in such form, and containing such particulars, as may be prescribed.

(2) The officer, on receiving an application under sub-section (1), may after making such inquiries as he thinks fit, but subject to any rules made under section 7, grant the loan applied for.

**5. Repayment of loan.**— Every loan shall be repayable by instalments (in the form of annuity or otherwise) together with interest (including penal interest), if any, at such rate or rates and within such

<sup>1</sup> For Statement of Objects and Reasons, see *Maharashtra Government Gazette*, 1960, Part V, page 70.

<sup>2</sup> This Act shall come into force on 1<sup>st</sup> day of December 1961 (*vide* G.N.I. & L.D. No. SAI. 1460/35396-INDI, dated the 25<sup>th</sup> November, 1961).

<sup>3</sup> Clause (e) was substituted by Maharashtra 26 of 1968, s. 2.

period from the date of actual advance of the loan, as may, from time to time, be prescribed by rules made under section 7:

Provided that, nothing in this section shall prevent the borrower from repaying all or any of the instalments of the loan at any time earlier than the due date.

**6. Recovery of loans.**— (1) Subject to any rules made under section 7, all loans, all interest (including any penal interest), chargeable thereon, and costs incurred in making or recovering the same, shall be recoverable when they become due, by the Collector, or such officer as the State Government may authorise in this behalf, on receipt of the intimation from the authority sanctioning the loan, in one or more of the following modes, namely:—

(a) from the borrower, —as if they were an arrear of land revenue due by him;

(b) from his surety, if any,—as if they were arrears of land revenue due by him;

(c) out of the assets created out of the amount of loan advanced,—according to the procedure for realisation of land revenue by the sale of such assets;

(d) out of the property comprised in the collateral security (if any) according to the procedure for the realisation of land revenue by the sale of such property.

(2) Where any sum due on account of any such loan, interest or costs is paid to the Collector by a surety or an owner of property comprised in any collateral security, or is recovered under sub-section (1) by the Collector from a surety or out of any such property, the Collector shall, on the application of the surety or the owner of that property, as the case may be, recover that sum on his behalf from the borrower, or out of the assets of the industry for the benefit of which the loan was granted in the manner provided by sub-section (1).

**7. Power to make rules.**— (1) The State Government may, by notification in the *Official Gazette*, make rules for carrying out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for,—

(a) the manner of making applications for loan, the form of the application and particulars of the form under sub-section (1), and the manner of conducting inquiries relating to such applications under sub-section (2), of section 4;

(b) the nature and extent of security to be taken for the due application and repayment of money, the rate of interest at which and the conditions under which, loans may be granted, and the manner and time of granting loans;

(c) inspection of works for which loans are granted;

(d) the instalment by which and the mode in which, the loans, the rates of interest (including any penal interest), if any, to be charged on loans, and the costs incurred in the making thereof, shall be paid, under section 5;

(e) the manner of keeping and auditing the accounts of the expenditure of loans, and of the payment made in respect of the same;

(f) the valuation of securities;

(g) the insurance of property mortgaged for securing the loan;

(h) the form of agreement deed and mortgage deed in respect of the property offered as security for the loan;

(i) all other matters pertaining to the working of the Act.

(3) The rules made under this section shall be subject to the condition of previous publication.

(4) All rules made under this section shall be laid for not less than thirty days before each House of the State Legislature as soon as possible after they are made and shall be subject to such modification as the State Legislature may make during the session in which they are so laid or the session immediately following, and publish in the *Official Gazette*.