Circular Letter Issued By the Government of India 
In September 1949 To The Provincial Governments 
Seeking Their Views On The Proposed Provincial 
Financial Corporations. 

(Extracted from the Report of the Working Group 
on SFCs, 1964, p.10).

The Bombay Government wish to set up a provincial 
Industrial Credit Corporation for making financial 
aid available to medium and small-scale industries 
to supplement the work of the Industrial Finance 
Corporation established by the Government of India. 
They consider that, as in the case of the Central 
Corporation, the Provincial Corporation should be 
established under a special statute in order to make 
it possible to incorporate the required provisions 
in regard to majority control by Government, 
guarantee by Government, restriction of distribu-
tion of profits, special powers of recovery of 
dues, etc. Since under entry 33 in List I in the 
Seventh Schedule read with Section 100 of the 
Government of India Act, 1935, the incorporation, 
regulation and winding up of trading corporations 
including financial corporations, fall within the 
purview of the Central Legislature, they have 
requested the Government of India to enact the 
necessary legislation. The proposal has been 
discussed by the Government of India with the 
Bombay Government, the Reserve Bank of India and 
the Industrial Finance Corporation. There is a 
general agreement that there is scope for 
provincial Industrial Credit Corporations.