

Kerala Kahadi and Village Industries Board Act, 1957

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Act 9 of 1957

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Kerala Kahadi and Village Industries Board Act, 1957(Act No. 9 of 1957)Last Updated 19th December, 2019An Act to provide for the organization, development and regulation of khadi and village industries in the State of Kerala and to constitute a Board to carry out the said objects.Preamble. - Whereas it is expedient to provide for the organization, development and regulation of Khadi and Village Industries in the State of Kerala and to constitute a Board to carry out the said objects;Be it enacted as follows:-

Chapter I Preliminary

1. Short title, extent, and commencement.

(1)This Act may be called the Kerala Khadi and Village Industries Board Act, 1957.(2)It extends to the whole of the State of Kerala.(3)It shall come into force on such date as the Government may, by notification in the Gazette, appoint.

2. Definitions.

- In this Act, unless the context otherwise requires,-(i)'Board' means the Kerala Khadi and Village Industries Board established under section 4;(ii)'Khadi' means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns;[(ii-a) "Khadi and Village Industries Commission" means the Khadi and Village Industries Commission established under section 4 of the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956);] [Inserted by Act No. 15 of 1960.](ii-b) "local authority" means a panchayat at any level constituted under section 4 of the Kerala Panchayat Raj Act, 1994 (13 of 1994) or a municipality constituted under section 4 of the Kerala Municipality, Act 1994 (20 of 1994).(iii)'prescribed' means prescribed by rules made under this Act;(iv)'regulations' means

regulations made by the Board under this Act;[(iv-a) "secretary" means the secretary to the Board appointed under sub-section (1) of section 10;.] [Inserted by Act No. 15 of 1960.](v)'village industries' means all or any of the industries specified in the Schedule to the Khadi and Village Industries Commission Act, 1956 (61 of 1956), and includes any other industry declared by the Government under section 3 to be a village industry.

3. Power to declare village industry.

(1)The Government may, by notification in the Gazette, declare any industry to be a village industry to which this Act applies.(2)A copy of every notification issued under sub-section (1) shall be laid before the Legislative Assembly as soon as may be, after it is issued.

Chapter II

Establishment, Constitution and Dissolution of the Kerala Khadi and Village Industries Board.

4. Establishment of Board.

(1)With effect from such date as the Government may, by notification in the Gazette, appoint in this behalf, there shall be established for the purposes of this Act, a Board by the name of the Kerala Khadi and Village Industries Board. The Board shall be a body corporate having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract and do all things necessary for the purposes of this Act, and may by the said name sue and be sued.Provided that at-least one of the non-official members so appointed shall be a person belonging to a Scheduled Caste or a Scheduled Tribe.Explanation. - In this sub-section, the expressions "Scheduled Caste" and "Scheduled Tribe" shall have the same meaning as in the Constitution of India.(2)[The Board shall consist of not less than five and not more than fifteen members appointed by the Government from among -(a)non-officials, who, in the opinion of the Government have shown active interest in the production and development of khadi or in the development of village industries; and(b)officials.(2A)The Government shall nominate one of the members of the Board to be its Chairman and another member to be its Vice-Chairman:Provided that the Vice Chairman shall be nominated from among the non-official members of the Board.] [Substituted by Act No. 5 of 1965.][Provided that at least one of the non-official members so appointed shall be a person belonging to a Scheduled Caste or a Scheduled Tribe.Explanation. - In this sub-section, the expressions "Scheduled Caste" and "Scheduled Tribe" shall have the same meaning as in the Constitution of India.] [Added by Act No. 17 of 1975.](3)[The Chairman, Vice-Chairman and other members] [Substituted by Act No. 5 of 1965.] shall be paid from the funds of the Board such allowances as the Government may fix.

4A. [Reconstitution of Board. [Inserted by Act No. 21 of 1967.]

(1)The Government may, by notification in the Gazette and for reasons to be specified in the notification, reconstitute the Board in accordance with the provisions of sub-section (2) of section 4.(2)When the Board is reconstituted under the provisions of sub-section (1), all members of the Board (including the Chairman and Vice-Chairman) holding office immediately before such reconstitution shall, from the date of reconstitution, vacate their offices as such members, notwithstanding that their term of office has not expired, unless they are appointed as members of the Board as so reconstituted.(3)Every notification issued under sub-section (1) shall be laid as soon as may be after it is issued before the Legislative Assembly while it is in session for a total period of fourteen days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid, or the session immediately following, the Legislative Assembly makes any modification in the notification or decides that the notification should not be issued, the notification shall thereafter 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 that notification.]

5. Resignation of office by member.

- Any member of the Board may at any time resign his office by giving notice in writing to the Government and on such resignation being notified in the Gazette by the Government, shall be deemed to have vacated his office

6. Disqualification for appointment on the Board.

(1)A person shall be disqualified for being appointed or for continuing as a member of the Board if he -(a)holds any office or place of profit under the Board [other than the office of secretary] [Added by Act No. 15 of 1960.];(b)is of unsound mind and stands so declared by a competent court, a deaf-mute or a leper;(c)is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors;(d)has directly or indirectly by himself, by his wife or son, or by any partner, any share or interest in any subsisting contract or employment with, by or on behalf of the Board;(e)is a Director or Secretary or a Manager or other salaried officer of any incorporated company or any co-operative society, which has any share or interest in any contract or employment with, by or on behalf of the Board.(2)(a)A person shall not be disqualified under clause (a) of sub-section (1) by reason only of his being a member receiving any allowance as provided in sub-section (3) of section 4.(b)A person shall not be disqualified under clause (d) or clause (e) of sub-section (1), or be deemed to have any share or interest in any contract or employment within the meaning of those clauses by reason only of his, or of the incorporated company or of a co-operative society, of which he is a Director, Secretary, Manager or other salaried officer, having a share or interest in any newspaper in which any advertisement relating to any affairs of the Board is inserted(c)A person shall not also be disqualified under clause (d) or clause (e) of subsection (1) or be deemed to have any share or interest in any contract or employment with, by or on behalf of the Board by reason only of his being a shareholder of such company or society:Provided that such person disclosed to the Government the nature and extent of the share

held by him from time to time.

7. Removal or suspension of a member.

- The Government may remove from the Board any member who, in their opinion, -(a)refuses to act; or(b)has become incapable of acting; or(c)has so abused his position, as a member as to render his continuance on the Board detrimental to the interest of the public; or(d)is absent without permission from all the meeting of the Board for four successive months or for the period in which three successive meetings are held, whichever period is longer; or(e)ceases to reside in the State of Kerala; or(f)is otherwise unsuitable to continue as a member:Provided that removal under this sub-section shall not be made unless the member concerned has been given an opportunity to submit his explanation to the Government.(2)The Government may suspend any member of the Board pending action against him under sub-section (1).(3)A member who has been removed under sub-section (1) shall not be re-appointed as a member of the Board or appointed in any other capacity under the Board.(4)The Government may declare void any transaction in connection with which a member has been removed under sub-section (1).

8. Vacancy to be filled in as early as possible.

- When a member dies or resigns as provided in section 5, or is subject to any of the disqualifications specified in section 6, or is removed under sub-section (1) of section 7 he shall cease to be a member of the Board, and any vacancy so occurring shall be filled in by the Government as early as practicable:Provided that during any such vacancy the remaining members may act as if no vacancy has occurred.

9. Validity of proceedings.

- No act or proceeding of the Board shall be deemed to be invalid by reason only of a defect in its constitution or on the ground that any member thereof was disqualified for, or had ceased to hold, his office, or by reason of such act or proceeding having been done or taken during the period of any vacancy in the office of any member of such Board.

9A. [Temporary association of persons with the Board for particular purposes. [Inserted by Act No. 15 of 1960.]

(1)The Board may associate with itself in such manner and for such purposes as may be determined by regulations any person whose assistance or advice it may desire in carrying out any of the provisions of this Act.(2)A person associated with the Board under sub-section (1) shall not be deemed to be a member of the Board, and shall have no right to vote at any meeting thereof, but he may take part in the discussions of the Board relating to the purpose or purposes for which he was associated with the Board.(3)The Government may, by order, depute one or more officers of the Government to attend any meetings of the Board and to take part in the discussions of the Board but such officer or officers shall not have the right to vote.]

10. [Secretary and other members of staff of Board. [Substituted by Act No. 15 of 1960.]

(1)The Government may appoint a person to be the Secretary to the Board.(2)The remuneration, allowances and other conditions of service of the secretary shall be such as may be prescribed.(3)The secretary shall exercise such powers and discharge such duties as may be prescribed.(4)The Board may appoint such other members of the staff of the Board as it may consider necessary.(5)The remuneration, allowances and other conditions of service of the members of the staff of the Board, other than the secretary, shall be such as may be determined by regulations.(6)The local authorities shall have power to supervise the schemes of the Board formulated and funded by them.]

11. [Standing finance committee and other committees. [Substituted by Act No. 15 of 1960.]

(1)The Board may appoint a standing finance committee to exercise such powers and perform such functions relating to the finances of the Board as may be laid down by regulations.(2)Subject to any rule made under section 33, the Board may, from time to time, appoint one or more other committee or committees for the purpose of securing the efficient discharge of its functions and in particular for the purpose of securing that the said functions are exercised with due regard to the circumstances and requirements of khadi or any particular village industry. Such committees may be appointed for any particular area.]

12. Meeting of the Board.

(1)The Board shall meet at such times and places and shall, subject to the provisions of sub-sections (2) and (3), observe such rules of procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Board:Provided that the Board shall meet at least once in every three months.(2)[The chairman or, in his absence, the vice-chairman or, if he is also absent, such member as may be chosen by the members present from among themselves shall preside at a meeting of the Board.] [Substituted by Act No. 15 of 1960.](3)All questions at a meeting of the Board shall be decided by a majority of the votes of the members present and voting, and in the case of an equality of votes, the chairman or in his absence, the person presiding shall have a second or casting vote.(4)[The proceedings of the meeting of the Board shall be forwarded to the Government within fifteen days of every meeting.] [Added by Act No. 15 of 1960.]

13. Power to make contracts.

(1)The Board may enter into and perform all such contracts as it may consider necessary or expedient for carrying out any of the purposes of this Act.(2)Every contract shall be made on behalf of the Board by the chairman.(3)Every contract made by the chairman on behalf of the Board shall, subject to the provisions of this section, be entered into in such manner and form as may be prescribed.(4)A contract not executed in the manner provided in this section and the rules made

thereunder shall not be binding on the Board.

14. Term of office of members of the Board.

- The term of office of [the chairman, vice-chairman and the other members] [Substituted by Act No. 5 of 1965.] of the Board shall be such as may be prescribed.

Chapter III

Functions and Powers of the Board

15. Functions of the Board.

(1) It shall be the duty of the Board to organize, develop and regulate khadi and village industries "and to assist the local authorities in implementation of the Schemes for the development of Khadi and Village Industries". and perform such functions as the Government may, prescribe from time to time. (2) [to provide deserving persons with gainful employment in their homes through the organisation of khadi and village industries; (2-a) to grant loans and give other assistance for the development of khadi and village industries;] [Substituted by Act No. 15 of 1960.] (3) to organize co-operative societies for khadi and village industries; (4) to conduct training centers and to train people at those centers or at other centers outside the State of Kerala in khadi and village industries; (5) [to arrange for the supply of raw materials, tools and implements to khadi and village industries and for the sale of their finished products;] [Substituted by Act No. 15 of 1960.] (6) to arrange for publicity and popularising of goods manufactures in khadi and village industries by opening stores, shops, exhibitions and the like; [(6-a) to carry on trading activities by way of running of emporia, neera bhavans, depots, manufacturing centres and the like;] [Inserted by Act No. 15 of 1960.] (7) to endeavor to educate public opinion and to impress upon the public the advantages of patronizing the products of khadi and village industries; (8) to seek and obtain advice and guidance in these subjects by inviting experts; (9) [to encourage and promote research in the technique of production of khadi or in the development of village industries;] [Substituted by Act No. 15 of 1960.] (10) to arrange for publicity and popularizing of goods manufactured in Khadi and Village Industries by opening stores, shops, exhibitions and the like and to carry on such activities incidental and conducive to the objects of this Act and to perform such other functions as the Government may direct for the purpose of carrying out the objects of this Act.

16. General powers of the Board.

- The Board shall, for the purposes of carrying out its functions under this Act, have the following powers, namely:-(i) to acquire and hold such movable and immovable property as it deems necessary and to lease, sell or otherwise transfer any such property; Provided that in the case of immovable property the "aforesaid powers except the power to acquire" shall be exercised only with the previous sanction of the Government; [Provided, however, that the previous sanction of the Government shall not be necessary for any lease, sale or other transfer of immovable property to the Khadi and Village Industries Commission.] [Inserted by Act No. 15 of 1960.] (ii) to incur expenditure

and undertake works in any area in the State of Kerala for the framing and execution of such schemes as it may consider necessary for the purpose of carrying out the provisions of this Act or as may be entrusted to it by the Government or local authorities, subject to the provisions of this Act and the rules made thereunder.(iii)[to require any person who has been granted any loan or other financial assistance by the Board for the development of Khadi or any village industry, to maintain such accounts and records relating to the receipt and utilization of the loan or other financial assistance as the Board may direct; [Inserted by Act No. 17 of 1975.](iv)to direct an inspection of the accounts and records maintained under clause (iii), by an officer or authority authorized in this behalf by the Board or the Government;(v)to supervise the activities carried on by any person utilizing any loan or other financial assistance referred to in clause (iii) and to give that person such directions as the Board may deem fit regarding such activities.]

16A. Delegation of functions of the Board to local authorities.

- The Government may by order delegate the functions of the Board under this Act to the local authorities, subject to such conditions as may be specified in that order.

Chapter IV

Preparation and Submission of Programmes

17. Preparation and submission of annual Programme.

(1)In each year on or before such date as may be fixed by the Government, the Board shall prepare and "forward to the Government and the District Planning Committee constituted under section 53 of the Kerala Municipality Act, 1994 (20 of 1994) a programme of work(2)The programme shall contain-(a)such particulars of the scheme which the Board proposes to execute, whether in part or whole, during the next year;(b)particulars of any work or undertaking which the Board proposes to organize during the next year for the purposes of carrying out its functions under this Act; and(c)such other particulars as may be prescribed.(3)The District planning Committee shall within one month from the date of receipt of the programme of work from the Board forward the same to the Government with its recommendations.

18. Sanction of programme.

- The Government may approve and sanction the programme in whole or with such modifications as they deem fit. after due consideration of the recommendations of the District Planning Committees.

19. Supplementary proramme.

- The Board may prepare and forward a supplementary programme for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions section 17 shall apply to such supplementary programme.

19A. [Power of Board to alter scheme. [Inserted by Act No. 15 of 1960.]

- The Board may with the previous approval of the Khadi and Village Industries Commission make any alteration in any scheme so long as the aggregate amount sanctioned for the scheme is not exceeded. A report of the alteration shall be send to the Government and the District Planning Committee concerned in such form and within such time as may be prescribed.]

Chapter V

Finance, Accounts, Audit and Debts

20. Transfer of property.

- The Government may transfer to the Board buildings, land or any other property, whether movable or immovable, for use and management by the Board on such conditions and limitations as the Government may deem fit for the purposes of this Act.

21. Funds of the Board.

(1)The Board shall have its own fund and all receipts of the Board shall be credited thereto and all payments by the Board shall be met therefrom.(2)The Board may accept grants, subventions, donations and gifts and receive loans from the Government or a local authority or anybody or association, whether incorporated or not, or an individual for all or any of the purposes of this Act.(3)All monies belonging to the fund of the Board shall be deposited in such manner as the Government may, by a special or general order, direct.(4)The accounts of the Board shall be operated upon by such officers jointly or individually as may be authorized by the Board.

22. Application of fund and property.

- All property, fund and other assets of the Board shall be held and applied by it subject to the provisions and for the purposes of this Act.

23. Subventions and loans to the Board.

(1)The Government may, from time to time, make subventions and grants to the Board for the purposes of this Act on such terms and conditions as the Government may determine in each case.(2)The Board may, from time to time, with the previous sanction of the Government and subject to the provisions of this Act and such conditions as the Government may determine, borrow any sum required for the purposes of this Act.[Provided that the previous sanction of the Government shall not be necessary to borrow any sum from the Khadi and Village Industries Commission.] [Added by Act No. 15 of 1960.]

24. Budget.

- The Board shall, on or before such date as may be fixed by the Government, prepare and submit to the Government the budget for the next financial year showing estimated receipts and expenditure on capital and revenue accounts according to the programme and the schedule of the stock.

25. Sanction of budget.

- [(1)] [Renumbered by Act No. 15 of 1960.] The Government may sanction the budget submitted to it with such modifications as they deem proper.(2)[No sum shall be expended by or on behalf of the Board unless such expenditure is covered by a specific provision the budget approved by the Government under sub-section (1):Provided that the Board may, within the limits of the budget, sanction any re-appropriation from one head of expenditure to another or from a provision made for one scheme to that in respect of another.] [Inserted by Act No. 15 of 1960.]

26. Supplementary budget.

- The Board may submit a supplementary budget for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions of section 25 shall apply to such supplementary budget.

27. Annual report.

- The Board shall prepare and forward to the Government in such manner as may be prescribed an annual report within three months from the end of this financial year giving a complete account of its activities during the previous financial year. Every such report shall be laid before the Legislative Assembly as soon as may be after it is received by the Government.

28. Further report, statistics and returns.

- The Board shall before such date and at such intervals and in such manner as the Government may from time to time direct, submit to the Government a report on such matters and such statistics and such returns as the Government may direct.

29. Accounts and audit.

- [(1)] [Renumbered by Act No. 17 of 1975.] The accounts of the Board shall be maintained and an annual statement of accounts shall be prepared in such manner as may be prescribed. Such accounts shall be audited by an auditor approved by the Government.(2)[The Board shall forward to the Government a copy of the audited annual statement of accounts referred to in sub-section (1) within two months from the end of the financial year to which such statement relates, and every such statement shall be laid before the Legislative Assembly as soon as may be after it is received by the Government.] [Inserted by Act No. 17 of 1975.]

29A. [Recovery of arrears. [Inserted by Act No. 15 of 1960.]

- If any amount due to the Board in accordance with the terms of a contract or otherwise or any sum payable in connection therewith, has not been paid, such amount or sum shall, without prejudice to any other remedy provided by law, be recoverable as arrears of land revenue under the Revenue Recovery Act for the time being in force.

29B. Power to write off irrecoverable amount.

- The Board may write off any sum not exceeding one hundred rupees in each case, subject to an annual limit of two thousand rupees if in its opinion such sum is irrecoverable.]

Chapter VI

Miscellaneous

30. [Power of Government to give directions. [Substituted by Act No. 15 of 1960.]

- In the discharge of its functions under this Act the Board shall be bound by such directions as may be given to it by the Government.]

30A. [Circumstances in which Board may be dissolved. [Inserted by Act No. 17 of 1975.]

(1)If at any time the Government are satisfied that-(a)the Board has made default in the discharge of its duties or in the performance of this functions imposed or entrusted by or under this Act, or exceeded or abused its powers; or(b)the Board has disregarded the directions given by the Government; or(c)circumstances have so arisen that the Board is rendered unable or may be rendered unable to discharge its duties or perform its functions under this Act; or(d)it is otherwise expedient or necessary to dissolve the Board,the Government may, by notification in the Gazette, direct that the Board shall be dissolved from such date as may be specified in the notification, and thereupon the Board shall be deemed to be dissolved accordingly.(2)On and from the date specified in the notification under sub-section (1),-(a)all the members of the Board (including the Chairman and the Vice Chairman) shall vacate their offices as such members; and(b)any committee appointed by the Board shall cease to function.

30B. Vesting of rights, liabilities, etc., for the Board on dissolution.

- Where the Board is dissolved under section 30A,-(a)all rights, obligations and liabilities (including any liability under any contract) of the Board on the date of dissolution shall become the rights, obligations and liabilities of the Government;(b)all properties and functions which immediately before that date were in the possession of the Board for the purposes of this Act shall vest in the

Government.]

31. Members of Board and members of staff of Board to be public servants.

- Members of the Board and members of the staff of the Board shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

32. Protection of action taken under Act.

- No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or purported to be done under this Act.

33. Rules.

(1)The Government may, by notification in the Gazette, make rules for carrying out the purposes of this Act.(2)In particular and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:-(a)the allowances to be paid to the members of the Board under sub- section (3) of section 4;(aa)[the remuneration , allowances and other conditions of service of, and the powers to be exercised and the duties to be discharged by, the secretary;] [Inserted by Act No. 15 of 1960.](b)the manner and form in which contracts shall be entered into under section 13;(c)the term of office of [the Chairman and Vice-Chairman and the other members] [Substituted by Act No. 5 of 1965.] the Board and the manner of filling casual vacancies among the members of the Board under section 14;(d)the functions of the Board under section 15;(e)the other particulars of the programme under section 17;(f)the form in which, and the date before which, the supplementary programme shall be submitted under section 19;(g)the form in which and the date before which, the supplementary budget shall be submitted under section 26.(h)the manner in which the annual report shall be prepared and forwarded to the Government under section 27.(i)the manner of maintenance of accounts and preparation of annual statement of accounts under section 29.(j)any other matter which is or may be prescribed under this Act.

34. Regulations.

(1)The Board may, with the previous sanction of the Government, make regulations consistent with this Act and the rules made thereunder and notify them in the Gazette;(2)In particular and without prejudice to the generality of the foregoing power, the Board may make regulations providing for-(a)the procedure and disposal of its business and the quorum necessary for the transaction of such business at a meeting;(b)the remuneration, allowances and other conditions of service of the members of the staff of the Board [other than the secretary] [Added by Act No. 15 of 1960.](c)the functions and duties of the members of the staff of the Board [other than the secretary] [Added by Act No. 15 of 1960.](d)[the powers and functions of the standing finance committee appointed under sub-section (1) of section 11 and the procedure to be followed by that committee in the exercise of this powers and the discharge of its functions; [Substituted by Act No. 15 of 1960.](e)the

functions of the committees appointed under sub-section (2) of section 11 and the procedure to be followed by such committees in the discharge of their functions;(f)the maintenance of the minutes of the meetings of the Board and the transmission copies thereof to the Government.]

35. Saving.

- Nothing in this Act shall be deemed to apply to any industry declared to be a scheduled industry under the Industries (Development and Regulation) Act, 1951 (65 of 1951), or to affect by of the provisions of the said Act.