

# Tamil Nadu Khadi and Village Industries Board Act, 1959

TAMILNADU

India

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### Act 18 of 1959

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Tamil Nadu Khadi and Village Industries Board Act, 1959 (Tamil Nadu Act 18 of 1959) Statement of Objects and Reasons - Tamil Nadu Khadi and Village Industries Board Act, 1959 (Tamil Nadu Act 18 of 1959). - With a view to promoting and developing khadi and village industries in the country, the Government of India constituted Board called the All-India Khadi and Village Industries Board and vested it with powers to prepare and organise programmes for the production and development of khadi and village industries and to deal with matters incidental thereto. The State Government considered that there should be a similar Board for the State of Madras and constituted a Khadi and Village Industries Board for this State. The Government of India found in actual practice that the work of the All-India Board was hampered by certain procedural and financial difficulties which could be removed if a statutory Commission were set up by them. Parliament, therefore, enacted the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956), and under that Act, the Government of India set up a Statutory Commission, viz., the Khadi and Village Industries Commission which is vested with powers, executive as well as administrative, to secure the proper development of khadi and village industries. The State Khadi and Village Industries Board is also faced with similar difficulties in the preparation and execution of programmes of khadi and village industries. The functions of the State Board are at present only advisory and many formalities have to be gone through before the schemes approved by it are, implemented. It is, therefore, proposed to convert the State Khadi and Village Industries Board into a Statutory Board. The functions of the proposed Board are to prepare and organise schemes for the production and development of khadi and village industries including the training of personnel besides all matters auxiliary thereto as far as possible on the lines advocated by the Khadi and Village Industries Commission. The Bill seeks to give effect to the above objects. Published in Part IV-A, page 141 of the Fort St. George Gazette, Extraordinary, dated the 8th April 1959. Received the assent of the Governor on the 23rd October 1959, and first published in Fort St. George Gazette, dated the 28th October 1959. An Act to provide for the establishment of a Board for the development of khadi and village industries and for matters connected therewith in the [State of Tamil Nadu] [Substituted, for 'State of Madras' by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second

Amendment) Order, 1969.].Whereas it is expedient to provide for the establishment of a Board for the development of khadi and village industries and for matters connected therewith in the [State of Tamil Nadu] [Substituted for 'State of Madras' by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.];Be it enacted in the Tenth Year of the Republic of India as follows:-

## **Chapter I**

### **Preliminary**

#### **1. Short title, extent and commencement.**

(1)This Act may be called the [Tamil Nadu] [Substituted for the word 'Madras' by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.] Khadi and Village Industries Board Act, 1959.(2)It extends to the whole of the State of Tamil Nadu.(3)It shall [come into force on such date] [This Act came into force on the 1st day of April 1960.] as the Government may, by notification, appoint.

#### **2. Definitions.**

- In this Act, unless the context otherwise requires,-(a)"Board" means the [Tamil Nadu Khadi and Village Industries Board] [Substituted for 'Madras State Khadi and Village Industries Board' by the Tamil Nadu Adaptation of Laws Order, 1970.] established under sub-section (1) of section 3;(b)"Government" means the Tamil Nadu Government;(c)"Khadi" means any cloth woven on handlooms in India from cotton, silk or woollen yam, handspun in India or from a mixture of any two or all of such yams;(d)"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);(e)"member" means a member of the Board and includes the president;(f)"president" means the president of the Board;(g)"secretary" means the secretary of the Board appointed under clause (d) of sub-section (2) of section 3;(h)"village industries" means-(i)all or any of the industries specified in the Schedule to the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956); and(ii)any industry specified in this behalf by the Government by notification in consultation with the Board.and includes any other industry deemed to be specified in the said Schedule by reason of a notification Order section 3 of the said Act.

## **Chapter II**

### **Khadi and Village Industries Board**

#### **3. Establishment and constitution of the Board.**

(1)With effect from such date as the Government may, by notification, fix in this behalf, there shall be established a Board to be called the [Tamil Nadu Khadi and Village Industries Board] [Substituted for 'Madras State Khadi and Village Industries Board' by the Tamil Nadu Adaptation of

Laws Order, 1970.]. It shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract and may, by the said name, sue and be sued.(2)(a)The Board shall consist of not more than fifteen members including the president, the vice president and the secretary (where the secretary is appointed by the Government from amongst the members). The appointment of members, except the president, shall be made by the Government and shall be published in the [Fort St. George Gazette] [Now the Tamil Nadu Government Gazette.].(b)The Minister in charge of khadi development in the State shall be the president of the Board.(c)The vice-president shall be elected from amongst the non-official members of the Board.(d)The Government may, in consultation with the Board, appoint a person who may or may not be a member of the Board to be the secretary of the Board:Provided that where a person other than a member is appointed as secretary, he shall not be entitled to vote at meetings of the Board.(e)The majority of the members shall be non-officials.(f)The Government shall appoint as members-(i)only such non-officials as have shown an active interest in the production and development of khadi or in the development of village industries, and(ii)officials.

#### **4. Resignation of office by member.**

- Any member may resign his office by giving notice in writing to the Government and on such resignation being notified in the [Fort St. George Gazette] [Now the Tamil Nadu Government Gazette.] by the Government, he shall be deemed to have vacated his office.

#### **5. Vacancies, etc., not to invalidate acts and proceedings of the Board.**

- No act or proceedings of the Board shall be invalid by reason only of the existence of any vacancy amongst its members or any defect in the constitution thereof.

#### **6. Temporary association of persons with the Board for particular purposes.**

(1)The Board may associate with itself in such manner and for such purposes as may be determined by regulations made under this Act any person whose assistance or advice it may desire in complying with any of the provisions of this Act.(2)A person associated with the Board under sub-section (1) for any purpose shall have the right to take part in the discussions of the Board relevant to that purpose, but shall not have the right to vote and shall not be a member for any other purpose.(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.

#### **7. Meetings of the Board.**

(1)The Board shall meet at such times and places and shall, subject to the provisions of sub-sections (2) to (4), 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 under this Act:Provided that the Board shall meet at least once in every three months.(2)The president

may, whenever he thinks fit, call special meetings of the Board.(3)The president or, in his absence, the vice-president, 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.(4)All questions at a meeting of the Board shall be decided by a majority of the votes of the members present and voting in the case of an equality of votes, the president or, in his absence, the person presiding shall have a second or casting vote.(5)The proceedings of the meeting of the Board shall be forwarded to the Government within fifteen days of every meeting.

## **8. Term of office and conditions of service of vice-president, secretary and other members.**

- The term of office and the terms and conditions of service of the vice-president, the secretary and the other members of the Board shall be such as may be prescribed.

## **9. Officers and servants of the Board.**

(1)The Secretary shall exercise such powers and discharge such duties as may be prescribed or as may, from time to time, be delegated to him by the Government or by the president.(2)Subject to such regulations as may be made by the Board in this behalf, the Board may appoint such other officers and servants as it considers necessary for the efficient performance of its functions.

## **10. Standing Finance Committee.**

- The Board may constitute a standing finance committee consisting of the vice-president and not more than four members. The vice-president shall be the chairman of the committee. The committee shall exercise such powers and perform such functions relating to the finances of the Board as may be laid down by regulations made by the Board.

# **Chapter III**

## **Functions of the Board**

## **11. Functions of the Board.**

(1)Subject to the provisions of this Act, the functions of the Board shall generally be to plan, organize and implement programmes for the development of khadi and village industries.(2)In particular and without prejudice to the generality of the foregoing power, the Board may take such steps as it may think fit-(a)to start, encourage, assist and run khadi and village industries;(b)to provide deserving persons with gainful employment in their homes through the organization of khadi and village industries;(c)to grant loans and give other assistance for the development of khadi and village industries;(d)to organize co-operative societies for khadi and village industries;(e)to conduct training centres and train persons at such centres or at other centres outside the [State of Tamil Nadu] [Substituted for 'State of Madras' by the Tamil Nadu Adaptation of Laws Order, 1969, as

amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.] in khadi and village industries;(f)to arrange for the supply of raw materials, tools and implements to such industries and for the sale of their finished products;(g)to arrange for the publicity and popularization of the finished products of such industries by opening stores, shops, emporia, exhibitions and the like;(h)to educate public opinion and cultivate in the public a preference for such industries and for utilization of their products;(i)to seek and obtain advice and guidance of experts;(j)to encourage and promote research in the technique of production of khadi or in the development of village industries; and(k)to provide facilities for a study of the problems relating to khadi or village industries;

## **12. General powers of the Board.**

- The Board shall, for the purpose 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 any lease, sale or other transfer to any person or authority other than the Khadi and Village Industries Commission of any immovable property belonging to the Board shall be null and void unless it is sanctioned by the Government;(ii)to appoint a committee or committees for securing the efficient performance of its functions and, in particular, for ensuring that such functions are performed with due regard to the requirements of the local area concerned;(iii)to incur expenditure and undertake any work in any area in the State 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; and(iv)to enter into any contract and to do all things necessary for the purposes of this Act.

## **13. Power of Government to give directions.**

- In the performance of its functions under this Act, the Board shall be bound by such directions as the Government may give to it.

## **Chapter IV**

### **Finance, Accounts, Audit and Reports**

## **14. Transfer of property to the Board.**

- The Government may transfer to the Board any building, land or other property, movable, or immovable for the use of and management by the Board on such conditions and subject to such limitations as may be imposed by the Government.

## **15. Funds of the Board.**

(1)The Board shall have two separate funds to be called the Khadi Fund and the Village Industries Fund and all grants and advances made to the funds, from time to time, by the Government for the

purposes of the development of khadi or the development of village industries and all other grants, subventions, donations, gifts and loans received from the Central Government or any State Government or the Khadi and Village Industries Commission or any local authority of any body or organization, whether incorporated or not, or any individual for all or any of the purposes of this Act shall be paid to the Khadi Fund or Village Industries Fund, as the case maybe, and all payments by the Board for, or in respect of khadi and village industries shall be made from the appropriate fund.(2)Except as otherwise directed by the Government, all moneys belonging to such funds shall be deposited in such manner as the Government may, by general or special order, direct or be invested in such securities as may be approved by the Government.

## **16. Subventions, loans and grants 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, in each case, determine.(2)The Government may, from time to time, advance loans to the Board on such terms and conditions not inconsistent with the provisions of this Act as the Government may determine.

## **17. Power of the Board to spend.**

- Subject to the provisions of section 18, the Board shall have power to spend such sums as it deems fit on purposes authorized by this Act:Provided that nothing in this section shall be deemed to prevent the Board from spending, with the previous approval of the Government, such moneys as it thinks fit on any such purpose outside the [State of Tamil Nadu] [Substituted for 'State of Madras' by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.].

## **18. Budget.**

(1)The Board shall, by such date in each year as may be prescribed, prepare and submit to the Government for approval two separate budgets in the prescribed form for the next financial year to be called the Khadi Budget and the Village Industries Budget, showing the estimated receipts and expenditure in respect of khadi and village industries respectively during that financial year.(2)Subject to the provisions of sub-sections (3) and (4), no sum shall be expended by or on behalf of the Board unless such expenditure is covered by a specific provision in the budget approved by the Government.(3)The Board may, within the respective limits of the khadi budget and the village industries 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, but in no case shall a re-appropriation of fund be made from the khadi budget to the village industries budget or from the village industries budget to the khadi budget:Provided that no re-appropriation from the head "Loan" to any other head of expenditure and vice versa in either budget shall be sanctioned by the Board except with the previous approval of the Government and the Khadi and Village Industries Commission.(4)The Board may, within such limits and subject to such conditions as may be prescribed, incur expenditure in excess of the limit provided in the budget approved by the Government under any head of expenditure or in connection with any particular scheme so long as

the aggregate amount in either budget approved by the Government is not exceeded.

## **19. Borrowing of money.**

- Subject to such rules as may be made in this behalf by the Government, the Board shall have power to borrow on the security of the Khadi Fund or the Village Industries Fund or any other asset for any purpose to which such Fund or asset may be applied.

## **20. Accounts and audit.**

(1)The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the profit and loss account and the balance sheets in such form as may be prescribed.(2)The accounts of the Board shall be audited by such person as the Government may appoint in this behalf.(3)The person appointed under sub-section (2) shall, in connection with such audit, have such rights, privileges and authority, as may be prescribed and in particular, such auditor shall have the right to demand the production of books, accounts, connected vouchers and other documents and to inspect any of the offices of the Board.(4)The accounts of the Board as certified by such auditor together with the audit report thereon shall be forwarded annually to the Government and the Khadi and Village Industries Commission before such date as the Government may specify in this behalf.(5)The Board shall comply with such directions as the Government may, after perusal of the report of the auditor, think fit to issue.

## **21. Power to alter scheme.**

- 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.

## **22. Power to write off irrecoverable amount.**

- The Board may write off any amount whatsoever due to it, whether under a contract or otherwise or any sum payable in connection therewith, if, in its opinion, such amount or sum is irrecoverable:Provided that the Board shall, before writing off any such amount or sum exceeding three thousand rupees, obtain the sanction of the Government.

## **23. Recovery of arrears.**

- 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, the Board may, without prejudice to any other remedy provided by law, recover such amount or sum as arrears of land revenue.

## **24. Returns and reports.**

(1)The Board shall furnish to the Government at such time and in such form and manner as may be prescribed or as the Government may direct, such returns and statements and such particular in regard to any proposed or existing programme for the promotion and development of Khadi and Village Industries as the Government may, from time to time, require.(2)Without prejudice to the provisions of sub-section (1), the Board shall, as soon as possible after the end of each financial year, submit to the Government a report in such form and before such date as may be prescribed, giving a true and full account of its activities, policy and programme during the previous financial year.(3)All returns, statements and particulars furnished by the Board to the Government under sub-section (1) shall, as soon as possible after they are so furnished, be placed on the table of [the Legislative Assembly] [Substituted for 'both Houses of Legislature' by paragraph 3(2) of the Tamil Nadu Adaptation of Laws Order, 1987.].

## **Chapter V Miscellaneous**

### **25. Dissolution of the Board.**

(1)If at any time the Government are satisfied that-(a)the Board has, without reasonable cause or excuse, made default in the discharge of its duties, or in the performance of its functions, imposed or entrusted by or under this Act, or exceeded or abused its powers; or(b)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(c)it is otherwise expedient or necessary to dissolve the Board, the Government may, by notification, dissolve the Board for such period as may be specified in the notification and declare that the duties, powers and functions of the Board shall, during the period of its dissolution, be discharged, exercised and performed by such person or authority, as may be specified in the notification:Provided that the Government shall, before dissolving the Board, give a reasonable opportunity to it to show cause against the proposed action.(2)The Government shall, before the expiration of the period of dissolution, re-constitute the Board in accordance with the provisions of section 3.(3)The Government may make such incidental and consequential provisions as may appear to them to be necessary for giving effect to the provisions of this section.(4)Any notification issued or order made by the Government under this section shall not be questioned in any Civil Court.(5)On the Board being dissolved under sub-section (1)-(i)all funds and other properties vested in the Board shall vest in the Government; and(ii)all liabilities, legally subsisting and enforceable against the Board shall be enforceable against the Government to the extent of the funds and properties vested in the Government under clause (i).

### **26. Preparation and submission of annual programmes and establishment schedules.**

(1)In each year on or before such date as may be fixed by the Government in this behalf, the Board



shall, in such form as may be prescribed, prepare and forward to the Government-(a)a programme for the promotion of khadi and village industries; and(b)a schedule of the staff of officers and servants employed and to be employed during the next year.(2)The programme shall contain-(a)particulars of the scheme which the Board proposes to execute whether in part or in whole during the next year;(b)particulars of any work which the Board proposes to execute or any undertaking which the Board proposes to organize during the next year for the purpose of performing its functions under this Act; and(c)such other particulars as may be prescribed.(3)The Government may approve and sanction the programme and the schedule of the staff of officers and servants forwarded to them under sub-section (1) with such modifications as they may deem fit.(4)The Board may submit a supplementary budget and supplementary programme for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions of section 18 and sub-sections (1) to (3) shall, respectively, apply to such supplementary budget and programme.

## **27. Members, Officers and other servants of the Board to be public servants.**

- The members, officers and other servants of the Board shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (Central Act XLV of 1860).

## **28. Protection for acts done in good faith.**

(1)No suit, prosecution or other legal proceeding shall lie against the president, vice-president, secretary or member or any person in the employment of the Board for anything which is, in good faith done or intended to be done in pursuance of this Act.(2)Save as otherwise expressly provided in this Act, no suit or other legal proceeding shall lie against the Board for any damage caused or likely to be caused by anything which is in good faith done, or purported to be done, under this Act.

## **29. Power to make rules.**

(1)The Government may, by notification, make rules to give effect to the provisions of this Act.(2)In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-(a)the place at which the office of the Board shall be located;(b)the term of office of, and the manner of filling casual vacancies among, the members of the Board and the terms and conditions of service of the vice-president, the secretary and the other members of the Board, including the salaries and allowances to be paid to them and travelling and daily allowances to be drawn by them;(c)the disqualifications for membership of the Board and the procedure to be followed for removing a member who is or becomes subject to any disqualification;(d)the procedure to be followed in the performance of functions by members of the Board;(e)the powers and duties to be exercised and discharged by the secretary;(f)the date by which and the form in which the budget and the supplementary budget shall be prepared and submitted in each year under section 18 and sub-section (4) of section 26;(g)the procedure to be followed for placing the Board in possession of funds;(h)the procedure to be followed and the conditions to be observed in borrowing moneys and in granting loans;(i)the conditions subject to which and the mode in which contracts may be entered into by or on behalf of the Board;(j)the form and manner in

which the accounts of the Board shall be maintained under section 20; (k) the form and manner in which the returns, reports or statements shall be submitted under section 24; and (l) any other matter which has to be, or may be, prescribed. (3) All rules made and all notifications issued under this Act shall, as soon as possible after they are made or issued, be placed on the table of [the Legislative Assembly] [Substituted for 'both Houses of Legislature' by paragraph 3(2) of the Tamil Nadu Adaptation of Laws Order, 1987.] and shall be subject to such modification by way of amendment or repeal as the Legislature may make either in the same session or in the next session.

### **30. Power to make regulations.**

(1) The Board may, with the previous sanction of the Government, by notification, make regulations not inconsistent with this Act and the rules made thereunder, for enabling it to perform its functions under this Act. (2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—(a) the terms and conditions of appointment and service and the scales of pay of officers and servants of the Board other than the secretary including the payment of travelling and daily allowances in respect of journeys undertaken by such officers and servants for the purposes of this Act; (b) the time and place of meetings of the Board, the procedure to be followed in regard to transaction of business at such meetings and the quorum necessary for the transaction of such business at a meeting; (c) the delegation of powers and duties to the standing finance committee, secretary or any employee of the Board; (d) the maintenance of minutes of meetings of the Board and the transmission of copies thereof to the Government; (e) the persons by whom and the manner in which payments, deposits and investments may be made on behalf of the Board; (f) the custody of moneys required for the current expenditure of the Board and investment of moneys not so required; (g) the maintenance of accounts. (3) The Government may, by notification, rescind any regulation made under this section and, thereupon, the regulation shall cease to have effect.

### **31. Operation of other laws not affected.**

- The provisions of this Act shall be in addition to, and not in derogation of, any other law for the time being in force relating to khadi and village industries.