

# *The Punjab Khadi and Village Industries Board Act, 1955*

*Punjab Act No. 40 of 1956*

hl294

*Received the assent of the President of India on the 16th October, 1956 and was first published for general information in the official Gazette dated the 25th October, 1956.*

## **LEGISLATIVE HISTORY 6**

- Extended to Pepsu Territory by Punjab Act 5 of 1957
- Amended by Punjab Act, 29 of 1957
- Amended by Punjab Act, 12 of 1961
- Amended by Punjab Act, 29 of 1963
- Amended by Punjab Act, 30 of 1964
- Amended by Haryana Act, 20 of 1972
- Amended by Haryana Act, 27 of 1973
- Amended by Haryana Act, 33 of 1976
- Amended by Haryana Act, 25 of 1979
- Amended by Haryana Act, 5 of 1980
- Amended by Haryana Act, 22 of 1980

***An Act to provide for the establishment of a State Statutory Board for encouraging and intensifying the Khadi and Village Industries in Punjab.***

Be it enacted by the Legislature of the State of Punjab in the Sixth Year of the Republic of India as follows -

## **CHAPTER I**

### ***Preliminary***

**1. Short title, extent and commencement.** - (1) This Act may be called the Punjab Khadi and Village Industries Board Act, 1955.

(2) It extends to the territories which immediately before the first day of November, 1966 were comprised in the erstwhile State of Punjab.]

(3) It shall come into force at once.

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

(i) "Board" means the [Haryana Khadi and Village Industries Board] constituted under section 3.

(ia)

- (ii) "Khadi" means any handloom cloth woven from yarn handspun in India.
- (iii) "prescribed" means prescribed by rules made under this Act.
- (iv) "village industries" means such industries which generally form the normal occupation, whether whole-time or part-time, of any class of the rural population of the State of Punjab and in particular such industries as may be recommended from time to time by the [Commission] appointed by the Government of India and such other industries as the State Government may, by notification in the official gazette, specify in this behalf in consultation with the Board.
- (v) "Government " means the Government of the [State of Haryana].
- [(vi) "Commission" means the Khadi and Village Industries Commission established under section 4 of the Khadi and Village Industries Commission Act, 1956, (No. 61 of 1956).]
- [(vii) "member" includes 'Chairman' and "Chief Executive" and "Member of the Board" includes "Chairman of the Board" and "Chief Executive of the Board".]

[2A. In the application of the provisions of this Act] -

- (1) to the State of Haryana, any reference therein to any expression mentioned in column (1) of the Table below shall be construed as a reference to the corresponding expression mentioned in column (2) of the said Table.

TABLE

1	2
State Government or Government	The Government of the State of Haryana State of Haryana
State of Punjab except in section 1 of the Act	
Punjab Khadi and Village Industries Board Official Gazette.	Haryana Khadi and Village Industries Board
	Official Gazette of the Government of Haryana :

\*(2) (x x x)

\*(3) (x x x)

\*(Not applicable to the State of Haryana)

## CHAPTER II

### *Establishment and Constitution of The Board*

**3. Incorporation of Board.** - (1) For carrying out the purpose of this Act, the Government shall, as soon as possible, after the commencement of this Act, by a notification in the official gazette, establish a Board to be called The [Haryana Khadi and Village Industries Board.]

(2) The Board shall be a body corporate having perpetual succession and a common seal and may sue and be sued in its corporate name and shall be competent to acquire and hold and dispose of property both moveable and immovable and to contract and do all things necessary for the purposes of this Act.

**4. Constitution of Board.** - (1) The Board shall consist of not more than 15 members appointed by the Government from time to time, including Chairman, [Chief Executive], Secretary, Joint Secretary and other official and non-official members:

Provided that -

[(a) the Chairman shall be non-official member appointed by the Government;]

[(b) the Government shall appoint a [Chief Executive,] a Secretary and a Joint Secretary from amongst the members of the Board.]

[(c) the Chief Executive shall be appointed from amongst the officers of the rank of Head of the Department or Joint Secretary to the Government.]

[(2) The Chairman and each non-official member of the Board shall be paid from the funds of the Board such allowances as the Government may, from time to time, fix. The Chairman of the Board, if he is not a member of Parliament, shall also be paid from the funds of the Board such honorarium as the Government may, from time to time, fix. The official members shall draw their travelling allowance for attending meetings of the Board, or in connection with the performance of any duty assigned to them by the Board or the Government for the purpose of this Act admissible to them under the Punjab Travelling Allowances Rules as applicable to the State of Haryana from their respective departments.]

[(2A) Notwithstanding anything contained in sub-section (2) the Chief Executive shall be paid from the funds of the Board such salary and allowances as may be prescribed.]

(3) The Board shall have powers to invite persons specially qualified to advise on matters before the Board relating to an industry or having special knowledge of local conditions in the area where the industry in question is situated. These persons shall be paid allowances at the rates admissible to other non-official members of the Board.

**5. Term of office and dissolution of Board.** - (1) The Board shall, unless sooner dissolved by the Government, continue for a period of three years from the date of its establishment or till a new Board is appointed thereafter :

Provided that the Government may, at any time, with the previous approval of the State Legislature, by a notification in the official gazette, make a declaration that from such date, as may be specified in the notification, the Board shall be dissolved.

(2) Any member [-] may at any time resign his office by giving notice in writing to the [Chairman and Chief Executive] of the Board and on its being accepted by the Government he shall be deemed to have vacated his office from the date of such acceptance :

[Provided that the [Chairman and Chief Executive] shall give such notice to the Government.]

[(3) On the Board ceasing to exist, either by efflux of time or by dissolution by the Government, as provided in sub-section (1) any committee appointed under section 11 shall cease to function and -

(i) all funds and other properties, which immediately before the Board ceased to exist were in its possession for the purposes of this Act, shall vest in the Government;

(ii) all members shall vacate office as members of the board; and

(iii) all rights, obligations and liabilities (including any liabilities under any contract) of the Board shall become the rights, obligations and liabilities of the Government.]

**[5A. Chairman, [Chairman and Chief Executive], Secretary, Joint Secretary and other members to hold office during pleasure of Governor.** - Notwithstanding anything contained in Section 5 or any other provision of this Act, the Chairman, [Chairman and Chief Executive], Secretary, Joint Secretary and other members of the Board shall hold office during the pleasure of the Governor.]

**6. Disqualifications for appointment as members of 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 of profit under the Board other than the office of [Chairman and Chief Executive], Secretary or Joint Secretary thereof;]

- (b) is of unsound mind and stands so declared by a competent Court;
- (c) is or at any time has been adjudicated insolvent;
- (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 a 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;
- [(f) being a non- official member, does not habitually wear Khadi;
- (g) is convicted of an offence involving moral turpitude.]

[(1A) A person shall also be disqualified for continuing as a member of the Board, if he -

- (a) is absent without permission from all the meetings of the Board for four successive months or for the period in which three successive meetings are held whichever period is longer; or
- (b) ceases to reside in Haryana.]

(2) (a) A person shall not be disqualified under clause (a) of sub-section (1) by reason only of his being a member receiving allowance [or the Chairman receiving any honorarium or allowances] as provided in sub-section (2) of [section 4 or the Chief Executive receiving salary and allowances as provided in sub-section (2A) of the said section].

(b) A person shall not be disqualified under clause (d) or (e) of sub-section (1) or be deemed to have any share or interest in any contract or employment within the meaning of these clauses by reason only of his, or of the incorporated company or of a cooperative 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 (e) of sub-section (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 or member of such a company or society :

Provided that such person discloses to the Government the nature and extent of the share held by him from time to time.

[(d) A person shall not also be disqualified, or be deemed ever to have been 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, with, by or on behalf of, the Board, by reason of his being a Director or a Secretary or a Manager or other salaried officer of a society registered or deemed to be registered under the Registration of Societies Act, 1860, or any other institution certified by the Commission or the Board :

Provided that such person discloses to the Government the nature and extent of the share held by him from time to time.]

**7. Removal or suspension of a member.** - [Omitted by Haryana Act 25 of 1979.]

**8. Vacancy to be filled in as early as possible.** - When a member dies or resigns as provided in sub-section (2) of section 5, or is subject to any of the disqualifications specified in section 6, [or is otherwise removed], he shall cease to be a member of the Board and any vacancy so occurring shall be filled by Government as early as practicable :

Provided that during any such vacancy the continuing members may act as if no vacancy has occurred.

**9. Vacancy, defect in appointment, etc., not to invalidate acts and proceeding.** - No act or proceeding of the Board under this Act, shall be questioned on the ground merely of the existence of any vacancy in, or defect in the appointment of a member or the constitution of the Board :

Provided that the Board shall not act or take any proceedings, at any time when by reason of any vacancy occurring the number of continuing non-official members is less than one-third of the total number of such non-official members in the Board.

**10. Meetings of the Board.** - The Board shall from time to time make such arrangements with respect to the date, time, place, notice, management and adjournments of its meetings as may be determined by regulations made, by the Board subject to the following provisions, viz :-

(a) Ordinary meeting shall be held once at least in every three months.

(b) The Chairman may, whenever he thinks fit, call special meetings.

(c) The proceedings of the meetings of the Board shall be forwarded to Government, in the department concerned.

**11. Appointment of Committees.** - Subject to any rules made under section 34 the Board may from time to time appoint one or more Committees for the purpose of securing efficient discharge of its functions and in particular for the purpose of ensuring that the said functions are exercised with due regard to the circumstances and requirements of any particular village industry.

**[11A. Appointment of Financial Adviser.** - (1) There shall be a Financial Adviser to the Board who shall be appointed by the State Government. The Government may entrust the functions of the Chief Accounts Officer to the Financial Adviser.

(2) The term of office, the conditions of service and the functions of the Financial Adviser shall be such as may be prescribed in consultation with the Board.]

## **CHAPTER III**

### ***Functions and Powers of The Board***

**12. Functions and powers of the Board.** - (1) It shall be the duty of the Board to organise, develop and propagate village industries and perform such functions as the Government may prescribe from time to time and exercise such powers as may be necessary for carrying out the objects of this Act.

(2) Without prejudice to the generality of the provisions of sub-section (1), the Board shall also in particular discharge and perform all or any of the following duties and functions, namely :-

- (a) to start, encourage, assist and carry on Khadi and village industries and to carry on trade or business in such industries, and in the matters incidental to such trade or business;
- (b) to help the people by providing them with work in their homes and to give them monetary help;
- (c) to encourage establishment of Co-operative Societies and Societies registered [under the Societies Registration Act, 1860, or the Pepsu Societies Registration Act, 1954];
- (d) to conduct training centres and to train people thereat with a view to equip them with the necessary knowledge for starting or carrying on Khadi and village industries;
- (e) (i) to manufacture tools and implements required for carrying on Khadi and village industries and to manufacture the products of such industries;
  - (ii) to arrange for the supply of raw materials and tools and implements required for the said purpose; and
  - (iii) to sell and arrange for the sale of products of the said industries;
- (f) to arrange for publicity and popularisation of finished products of Khadi and village industries by opening stores, shops, emporia or exhibitions and to take similar measures for the purpose;

- (g) to endeavour to educate public opinion and to impress upon the public the advantages of patronising the products of Khadi and village industries;
- (h) to seek and obtain advice and guidance of experts in Khadi and village industries;
- (i) to undertake and encourage research work in connection with Khadi and village industries and to carry on such activities as are incidental and conducive to the objects of this Act; and
- (j) to discharge such other duties and to perform such other functions as the Government may direct for the purpose of carrying out the objects of this Act.

[*Explanation.* - For the purposes of clause (b), the expression "monetary help" includes the giving of grants and loans for any of the purposes of this Act on such terms and conditions as may be prescribed.]

**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 [Chief Executive].

(3) Every contract made by the [Chief Executive] 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. General powers of Board.** - The Board shall, for the purposes of carrying out its functions under this Act, have the following powers :-

- (i) to acquire and hold such moveable and immoveable property as it deems necessary and to lease, sell or otherwise transfer any such property :

Provided that in the case of immoveable property the aforesaid powers shall be exercised with the previous sanction of the Government;

- (ii) to incur expenditure and undertake works in any area in the State for the framing and execution of such scheme 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, subject to the provisions of this Act, and the rules made thereunder.

**[14A. Powers of [Chief Executive].** - (1) The [Chief Executive] shall be responsible for the proper functioning of the Board and implementation of its decisions and discharge of its duties under this Act.

[(2) The Chief Executive may by order in writing, delegate any of his powers to any other members.]

(3) The [Chief Executive] shall exercise general control over the Board.]

[(4) In the absence of the Chief Executive or during the period of his incapacity to attend to his duties for any reason, such member, as the Government may appoint, shall exercise the powers and discharge the duties of the Chief Executive under this Act.]

**15. Powers of Secretary.** - The Secretary and Joint Secretary shall exercise such powers and perform such functions for and on behalf of the Board as may be determined by Regulations.

## CHAPTER IV

### *Appointment of Officers and Servants*

**16. Officers and servants of the Board.** - The Board may appoint such officers and servants as it considers necessary for the efficient performance of its functions.

**17. Conditions of service of officers and servants of the Board.** - The pay and other conditions of service of officers and other servants of the Board shall be such as the Board may determine by regulations.

**18. Functions and duties of officers and servants.** - The functions and duties of the officers and servants of the Board shall be such as the Board may determine by regulations.

## CHAPTER V

### *Finance, Accounts and Audit*

**19. Transfer of property.** - (1) The Government may transfer to the Board building, land or any other property, moveable or immoveable, for use and management by the Board on such conditions and limitations as the Government may deem fit, for the purposes of this Act.

(2) The Government may transfer to the Board such schemes or works in progress, with all their assets and liabilities as are run or managed by Government, subject to such conditions and limitations as the Government may deem fit to impose for the purpose of this Act.

**20. Fund 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 made therefrom.

[(2) The Board may accept grants, loans, subventions, donations and gifts from the Government or a local authority or other statutory body including the Commissioner or any private body, whether incorporated or not, or an individual for all or any of the purposes of this Act.]

(3) All moneys, belonging to the fund of the Board shall be deposited in such manner as the Government may, by special or general order, direct.

(4) Such accounts shall be operated upon by such officers jointly or individually as may be authorised by the Board.

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

**22. 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.

(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.

**23. Preparation and submission of Annual Programme and Establishment Schedule.** - (1) In each year, on such date as may be fixed by the Government, the Board shall prepare and forward :-

(a) programme of its work; and

(b) a schedule of the staff of officers and servants already employed and to be employed during the next year, to the Government in such form as may be prescribed.

(2) The programme of its work 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 organise during the next year for the purposes of carrying out its functions under the Act; and .

(c) Such other particulars as may be prescribed.

**24. Sanction of programme and establishment schedule.** - [(1) The Government may approve and sanction the programme and the schedule of the staff of officers and servants forwarded to it with such modifications as it deems fit.]

[(2) The Board may send a programme of its schemes formulated in accordance with the policy or scheme of the Commission directly to the Commission for allotment of funds by or approval of the Commission.]

**25. Budget.** - The Board shall, on 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 schedule of the staff sanctioned by the Government.

**26. Sanction of Budget.** - (1) The Government may sanction the Budget submitted to it with such modifications as it deems proper.

[(2) The Board shall not be competent to transfer funds sanctioned for one scheme to another scheme, -

(a) where funds in respect of such schemes are allotted by the Commission, without the prior approval of the Commission; and

(b) in any other case, without the prior approval of the Government.]

**27. Supplementary programme and supplementary budget.** - The Board may submit a supplementary programme and supplementary budget for the sanction of Government in such form and on such date as the Government may prescribe, and provisions of sections 25 and 26 shall apply to such supplementary programme and budget respectively.

**28. Annual Report.** - The Board shall prepare and forward to the Government in such manner as may be prescribed, an annual report within three months after the end of the financial year giving a complete account of its activities during the previous financial year.

**29. Further Reports, Statistics and Returns.** - The Board shall, before such date and at such intervals and in such manner as the Government may direct, submit to the Government a report on such matters and statistics and returns as the Government may direct.

**30. Accounts and Audit.** - (1) The Accounts of the Board shall be maintained and an annual statement of accounts shall be prepared in such manner as may be prescribed.

(2) The accounts of the Board shall be audited by a Chartered Accountant or by such person as Government may direct.

(3) As soon as the accounts of the Board are audited, the Board shall send a copy thereof with a copy of the report of the auditor thereto to the Government.

(4) The audited accounts of the Board shall be submitted to Government in such manner as may be prescribed.

(5) The Board shall comply with such directions as the Government may, after the perusal of the report of the Auditor, think fit to issue.

## **CHAPTER VI**

### **Miscellaneous**

**31. Directions by State Government.** - (1) In the discharge of its functions, the Board shall be guided by such instructions on question of policy as may be given to it by the Government.

(2) If any dispute arises between the Government and the Board as to whether a question is or is not a question of policy, the decision of the Government shall be final.

**[31A. Power to delegate.** - The Board may, by resolution, direct that any power exercisable by it under this Act or the regulations made thereunder, except the power to make regulations, may also be exercised by the [Chief Executive] or Member Secretary, as the case may be, of the Board.]

**32. Members of Board and Members of staff of Board be public servants.** - Members of the Board and members of 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, 1860 (XLV of 1860).

**[32A. Recovery of Board's dues as arrears of land revenue.** - All sums, including grants and loans given by the Board or any interest or costs in respect thereof, becoming due to the Board under this Act, whether before or after the commencement of the Punjab Khadi and Village Industries Board (Amendment) Act, 1961, and whether such sums have become due by virtue of any contract or otherwise, shall be recoverable as arrears of land revenue].

**33. Protection of action taken under this 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.

**[33A. Control of Government over Board.** - (1) The Government shall exercise superintendence and control over the Board and its officers and may call for such information as it may deem necessary and, in the event of its being satisfied that the Board is not functioning properly or is abusing its powers or is guilty of corruption or mismanagement, it may, by notification, suspend the Board :

Provided that the Board shall be reconstituted within a period of one year from the date of its suspension.

(2) When the Board is suspended under sub-section (1), the following consequences shall ensue, namely :-

- (a) all members of the Board and its committees, including the Chairman, [Chief Executive], Secretary and Joint Secretary of the Board, shall, from the date of the notification, vacate their offices;
- (b) all powers, duties and functions, which under the provisions of this Act or any regulation made thereunder, are to be exercised, by the Board or any committee thereof or by the Chairman, [Chief Executive], Secretary or Joint Secretary or any other officer of the Board, shall, during the period of suspension, be exercised and performed by such person (to be called the Administrator) as may be appointed by the Government in this behalf :

Provided that the Administrator may, subject to the control of the Government, delegate any of his powers, duties or functions to such other person as he may think fit;

(c) all properties, including the Board fund, vested in the Board shall, until it is reconstituted, vest in the Government.]

**34. Rules.** - (1) The 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 powers such rules may provide for all or any of the following matters :-

[(a) the allowances of non-official members of the Board and the honorarium and allowances of the Chairman under sub-section (2) of section 4;].

[(aa) the salary and allowances of the Chief Executive under sub-section (2A) of section 4;]

(b) the functions of the Board under section 12;

(c) the manner and form in which contracts shall be entered into under section 13;

(d) the particulars of the programme under section 23(1);

(e) the form in which and the date before which the supplementary programme shall be submitted under section 27;

(f) the form in which and the date before which the supplementary budget shall be submitted under section 27;

(g) the manner in which the annual report shall be prepared and forwarded to the Government under section 28;

(h) the manner of maintenance of accounts and preparation of annual statement of accounts under section 30(1);

(i) any other matter which is, or may be, prescribed under this Act.

**35. Regulations.** - (1) The Board may, with the previous sanction of the State Government, make regulations consistent with this Act and the Rules made thereunder and such regulations shall be notified in the Official 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;

(b) remuneration, allowances and other conditions of service of members of the staff of the Board;

(c) functions and duties of the Secretary, Joint Secretary and other members of the staff of the Board.

(d) functions of committees and the procedure to be followed by such committees in the discharge of their functions.

**36. 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, or to affect any of the provisions of the said Act.