



The Tamil Nadu Khadi and Village Industries Board Act, 1959

Act 18 of 1959

Keyword(s):

Khadi, Khadi and Village Industries Commission, Secretary, Village Industries

Amendment appended: 59 of 1986

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THE TAMIL NADU KHADI AND VILLAGE
INDUSTRIES BOARD ACT, 1959.

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¹[TAMIL NADU] ACT No. 18 OF 1959.²

THE ¹[TAMIL NADU] KHADI AND VILLAGE
INDUSTRIES BOARD ACT, 1959.

[Received the assent of the Governor on the 23rd October 1959, first published in the Fort St. George Gazette on the 28th October 1959 (Kartika 6, 1881).]

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 ³[State of Tamil Nadu].

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 ³[State of Tamil Nadu];

BE it enacted in the Tenth Year of the Republic of India as follows :—

CHAPTER I—PRELIMINARY.

1. (1) This Act may be called the ¹[Tamil Nadu] Khadi and Village Industries Board Act, 1959.

Short title,
extent and
commence-
ment.

(2) It extends to the whole of the ³[State of Tamil Nadu].

(3) It shall come into force on *such date as the Government may, by notification, appoint.

¹These words were 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.

² For Statement of Objects and Reasons, see Fort St. George Gazette, Extraordinary, dated the 8th April 1959, Part IV-A, page 141.

This Act was extended to the added territories by section 3 of, and the First Schedule to, the Tamil Nadu (Added Territories) Extension of Laws Act, 1964 (Tamil Nadu Act 8 of 1964), repealing the corresponding law in force in those territories.

³ This expression was substituted for the expression "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.

* Came into force on the 1st April 1960.

Definitions.

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

(a) "Board" means the ¹[Tamil Nadu State Khadi and Village Industries Board] established under sub-section (1) of section 3 ;

(b) "Government" means the State Government ;

(c) "khadi" means any cloth woven on hand-looms in India from cotton, silk or woollen yarn hand-spun in India or from a mixture of any two or all of such yarns ;

(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 under section 3 of the said Act.

¹ This expression was substituted for the expression "Madras State Khadi and Village Industries Board" by the Tamil Nadu Adaptation of Laws Order, 1970.

CHAPTER II—THE KHADI AND VILLAGE
INDUSTRIES BOARD.

3. (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 ¹[Tamil Nadu State Khadi and Village Industries Board]. 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.

Establishment and constitution of the Board

(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*. *

(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.

¹ This expression was substituted for the expression "Madras State Khadi and Village Industries Board" by the Tamil Nadu Adaptation of Laws Order, 1970.

* Now the *Tamil Nadu Government Gazette*.

(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.

Resignation
of office by
member. 4. 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* * by the Government, he shall be deemed to have vacated his office.

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

Temporary
association
of persons
with the
Board for
particular
purposes. 6. (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 subsection (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.

Meetings
of the Board. 7. (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 :

* Now the *Tamil Nadu Government Gazette*.

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 and 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. 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.

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

9. (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.

Officers and servants of the Board.

(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. 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.

Standing Finance Committee.

CHAPTER III- -FUNCTIONS OF THE BOARD.

Functions of
the Board

11. (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 ¹[State of Tamil Nadu] 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 popularisation 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 utilisation of their products ;

(i) to seek and obtain advice and guidance of experts ;

¹ This expression was substituted for the expression "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.

(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. The Board shall, for the purpose of carrying out its functions under this Act, have the following powers, namely :— General powers of the Board.

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

CHAPTER IV—FINANCE, ACCOUNTS, AUDIT AND
REPORTS.

Transfer of property to the Board. 14. 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.

Funds of the Board. 15. (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 or 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 may be, 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.

Subventions, loans and grants to the Board. 16. (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.

Power of the Board to spend. 17. 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 ¹[State of Tamil Nadu].

18. (1) The Board shall, by such date in each year Budget, 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.

This expression was substituted for the expression "State of Madras" by the Tamil Nadu Adaptation of Laws Order, 1962, amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.

Borrowing
of money.

19. 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.

Accounts
and audit.

20. (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.

Power to
alter
scheme.

21. 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.

Power to
write off
irrecoverable
amount.

22. 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. 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.

Recovery of
arrears.

24. (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 particulars 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.

Returns and
reports.

(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 both the Houses of the Legislature.

CHAPTER V—MISCELLANEOUS.

25. (1) If at any time the Government are satisfied that—

Dissolution
of the
Board,

(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 reconstitute 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).

Preparation and submission of annual programmes and establishment schedules.

26. (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. 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. (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.

Members,
officers
and other
servants
of the
Board to
be public
servants.
Protection
for acts
done in
good
faith.

power to
make rules.

29. (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 disqualifications ;

(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 both the Houses of the Legislature 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. (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. Power to make regulations.

(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.

Operation
of other
laws not
affected.

31. 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.



**TAMIL NADU
GOVERNMENT GAZETTE
EXTRAORDINARY** PUBLISHED BY AUTHORITY.

No. 532]

MADRAS, FRIDAY, SEPTEMBER 12, 1986

AAVANI 27, ATCHAYA, THIRUVALLUVAR AANDU—2017

**Part IV—Section 2
Tamil Nadu Acts and Ordinances.**

The following Act of the Tamil Nadu Legislature received the assent of the President on the 5th September 1986 and is hereby published for general information :—

ACT No. 59 OF 1986.

An Act further to amend the Tamil Nadu Khadi and Village Industries Board Act, 1959.

BE it enacted by the Legislature of the State of Tamil Nadu in the Thirty-seventh Year of the Republic of India as follows :—

1. *Short title.*—This Act may be called the Tamil Nadu Khadi and Village Industries Board (Amendment) Act, 1986.

2. *Amendment of section 25, Tamil Nadu Act 18 of 1959.*—In section 25 of the Tamil Nadu Khadi and Village Industries Board Act, 1959 (Tamil Nadu Act 18 of 1959), in sub-section (5), for clause (ii), the following clause shall be substituted, namely:—

“(ii) all rights, obligations and liabilities (including any liabilities under any contract) legally subsisting and enforceable by or against the Board shall become the rights, obligations and liabilities of the Government.”.

(By order of the Governor)

S. VADIVELU,
*Commissioner and Secretary to Government,
Law Department.*