



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

Act No. 3 of 1956

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Orissa Act No. 3 of 1956

## **\*THE ORISSA KHADI AND VILLAGE INDUSTRIES BOARD ACT, 1955**

*[Received the assent of the Governor on the 29th March 1955, first published in an extraordinary issue of the Orissa Gazette, dated the 13th October, 1955.]*

AN ACT TO PROVIDE FOR ESTABLISHMENT OF A STATUTORY BOARD  
FOR ORGANISING, DEVELOPING AND REGULATING  
THE KHADI AND VILLAGE INDUSTRIES  
IN THE STATE OF ORISSA.

WHEREAS it is expedient to establish a Board for the purpose of organising, developing and regulating the Khadi and Village Industries in the State of Orissa;

It is hereby enacted by the Legislature of the State of Orissa 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 Orissa Khadi and Village Industries Board Act, 1955.

(2) It extends to the whole of the State of Orissa.

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

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

(a) "Board" means the Board established under Section 3;

(b) "khadi" means any handloom cloth woven from yarn handspun in the Union of India;

(c) "prescribed" means prescribed by rules made under this Act; and

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\* For Statement of Objects and Reasons, see Orissa Gazette Extraordinary/29-3-1955, and for Report of the Select Committee, see *ibid*, dated 13th October, 1955.

(d) "Village industries" means generally all industries whether carried on within a village or outside it, which from the normal occupation, whether whole-time or part-time of any class of rural population of the State of Orissa and in particular such industries as the State Government may by notification specify in this behalf in consultation with the Board.

*Explanation*-Village industries shall not include any handloom industries which produce cloth other than khadi.

## CHAPTER-II

### Incorporation and constitution of the Board

**3. Incorporation of the Board.-** (1) The State Government with effect from such date as they may by notification appoint in this behalf, shall establish for the purposes of this Act a Board to be called the Orissa Khadi and Village Industries Board.

(2) The Board established under Sub-section (1) shall be a body corporate incorporated by its name with perpetual succession and 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 movable and immovable and to contract and do all things necessary for the purposes of this Act.

**4. Constitution of the Board and its dissolution.-** (1) The Board established under Section 3 shall consist of fifteen members both official and nonofficial, including the President and Secretary to be nominated by the State Government :

Provided that-

- (a) <sup>1</sup>[\* \* \*]
- (b) the Secretary shall be an officer of the State Government nominated as such;
- (c) not more than one-third of the total number shall be official members of the Board.

<sup>2</sup>[(2) The President, Secretary and other members of the Board shall hold office for such period as the State Government may, by general or special order, direct.

(2-a) If at any time the State Government, being satisfied that the Board constituted under this Act is not functioning properly or is incompetent to discharge its functions decide that it shall be dissolved, they may lay such proposal before the Orissa Legislative Assembly and on such proposal being accepted by a resolution of the Assembly, the Board shall stand dissolved on and from the date on which such resolution is passed.

(2-b) During the interval between the dissolution and the reconstitution of the Board-

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- 1. *Ommited vide Orissa Act 18 of 1969*
  - 2. *Substituted vide Orissa Act 18 of 1969*

(i) all or any of the powers and functions of the Board and its President may be exercised and discharged, as far as may be and to such extent as the State Government may determine, by such person or persons as the State Government may appoint in that behalf;

(ii) all funds and other properties vested in the Board shall vest in the State Government; and

<sup>1</sup>[(iii) all rights, obligations and liabilities (including any liabilities under any contract) of the Board shall become the rights, obligations and liabilities of the State Government.]

(2-c) Upon reconstitution of the Board the funds and other properties of the Board with the State Government on the date of such reconstitution, shall vest in the Board and the liabilities of the Board subsisting on the said date shall be enforceable against the Board.

(3) No member of the Board shall receive or be paid from the fund of the Board any salary or other remuneration for services rendered by him in any capacity whatsoever but shall be allowed travelling allowance as prescribed :

Provided that the President may receive such monthly allowance as may be prescribed.

**5. Resignation of members.-** Any member may at any time, resign his office by giving notice thereof in writing to the State Government and on such resignation being accepted, shall be deemed to have vacated his office.

**6. Disqualification for membership.-** A person shall be disqualified for being appointed or for continuing as member of the Board, if he

- (a) holds any office of profit under the Board;
- (b) is found to be a lunatic or becomes of unsound mind;
- (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 contractor employment with, by or on behalf of the Board; or
- (e) is a Director or a Secretary or a Manager or other salaried officer of any incorporated company which has any share or interest in any contract or employment with, by or on behalf of the Board :

Provided that a person shall not be disqualified under Clause (a) by reason only of his being a member receiving allowance as provided in Subsection (3) of Section 4 :

Provided further that a person shall not be disqualified under Clause (d) or (e) 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 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

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1. *Substituted vide Orissa Act 50 of 1975*

to any affairs of the Board is inserted :

Provided further that a person shall not also be disqualified under Clause (e) 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 share-holder of such a Company.

**7. Removal or suspension of a member.-** (1) The State Government may, if satisfied after making such enquiry as they may deem necessary that any member of the Board-

- (a) refuses to perform or is incapable of performing the functions under the Act; or
- (b) has so abused his position as a member as to render his continuance on the Board detrimental to the interests of the public; or
- (c) 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
- (d) ceases to reside in the State of Orissa; they may, by notification, remove such member ;

Provided that the State Government may suspend any member of the Board pending any inquiry against him :

Provided further that no order of removal under this sub-section shall be made unless the member concerned has been given an opportunity to submit his explanation to the State Government.

(2) A member who has been removed under Sub-section (1) shall not be eligible for appointment as member or in any other capacity to the Board.

**8. Vacancies to be filled up expeditiously and proceedings not to be invalidated in certain cases.-** When a member dies or resigns as provided in Section 5, or subject to any of the disqualifications specified in Section 6 or is removed by the State Government under Sub-section (1) of Section 7, he shall cease to be a member of the Board and any vacancy occurring hereby shall be filled up by the State Government expeditiously :

Provided that no act or proceedings of the Board shall be invalidated merely by reason of any vacancy in its membership on account of death, resignation or removal or any defect in the manner of appointment of a member to or the constitution of the Board.

**9. Executive authority to vest in the President and the power of authorisation.-** <sup>1</sup>[(1) The executive authority of the Board shall vest in the President.]

(2) The President of the Board may, as the case may be, from time to time by an order in writing, authorise the Secretary to discharge such functions and perform such duties as may be specified in the order.

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1. *Substituted vide Orissa Act 18 OF 1969*

**10. Staff and their conditions of service.-** (1) The Secretary of the Board specified in Section 4 shall be responsible for executing the orders of the Board and the President.

(2) There shall not be paid out of the Fund of the Board constituted under Section 23 any special pay or allowance to the Secretary and he shall continue to be under the administrative control of the State Government.

**11. Location of offices of the Board.-** The Board shall after the commencement of this Act have its office at the headquarters of the Government or at any other place as may be notified by the State Government in this behalf, to which all communications and notices may be addressed.

**12. Power to make regulations in respect of the Board.-** The Board shall, from time to time, make regulations to provide for the date, time, place, notice, conduct and adjournment of their meetings subject to the following conditions :

(a) ordinary meeting shall be held once at least in every three months;

(b) the President shall have power to call special meetings;

(c) the quorum in a meeting shall be five;

(d) the proceedings of the meetings of the Board shall be forwarded to State Government in the department concerned.

**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 Secretary.

(3) Every such contract shall, subject to the provisions of this section, be entered into in such manner and form as may be prescribed.

(4) Any contract not executed in the manner provided in this section and the rules made thereunder shall not be binding on the Board.

**14. Appointment of Committee.-** The Board may from time to time appoint one or more Committees for the purpose of securing efficient discharge of the functions of the Board and in particular for the purpose of securing that the said functions are exercised with due regard to the circumstances and requirements of any village industries. Such Committees may be appointed for any particular area.

**15.** <sup>1</sup>[\* \* \*]

## **CHAPTER-III**

### **Powers and functions of the Board**

**16. General powers of the Board.-** The Board shall for the purposes of carrying out their functions under this Act, have the following powers:

(i) to acquire and hold such movable and immovable property as it may

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1. *Omitted vide Orissa Act 18 OF 1969*

deem necessary for the purposes of this Act and to lease, sell or otherwise transfer any such properties :

Provided that in the case immovable properties such powers shall be exercised with the previous sanction of the State Government;

(ii) to incur expenditure and undertake works in any area of 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 State Government subject to the provisions of this Act and the rules made thereunder.

**17. Functions of the Board.-** (1) It shall be the duty of the Board to organise, develop and regulate Khadi and Village Industries in the State of Orissa and perform such functions as the State Government may prescribe from time to time.

(2) In particular and without prejudice to the generality of the foregoing powers, it shall have the power to 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 and business in such industries in the State of Orissa;
- (b) to help the people by providing them with work at their homes and to give them monetary aid;
- <sup>1</sup>[(bb) to grant loans and other assistance to persons and institutions carrying on the Khadi or other Village Industry subject to such restrictions and conditions as the Board may deem proper;]
- (c) to organise Co-operative Societies and Village Production Councils in respect of the Industries specified under this Act;
- (d) to establish training centres and to train people thereat or at other centres outside the State in Khadi and other crafts and industries;
- (e) to arrange for supply of raw materials, tools and implements and for sale of finished products;
- (f) to arrange for publicity and popularising of finished products of such industries by opening stores, shops 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 such industries;
- (h) to seek and obtain advice and guidance of experts in each subject;
- (i) to undertake and encourage research work in connection with such industries; and
- (j) to carry on such activities as are incidental and conducive to the objects of this Act.

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1. *Inserted vide Orissa Act 12 OF 1959*



## CHAPTER-IV

### Preparation and submission of programme

**18. Annual programme.-** (1) In each year, on such date as may be fixed by the State Government, the Board shall prepare and forward to the State Government programme of work.

(2) The programme shall contain -

- (a) such particulars of the schemes which the Board proposes to execute whether in whole or in part 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 this Act ; and
- (c) such other particulars as may be prescribed.

**19. Sanction of programme.-** The State Government may approve and sanction the programme in whole or with such modification as they deem necessary :

Provided that if within a period of sixty days from the date of submission of the programme the State Government's approval and sanction are not received such programme shall be deemed to have been so approved and sanctioned by the said Government.

**20. Supplementary programme.-** The Board may prepare and forward supplementary programme for the sanction of the State Government in such form and before such date or dates as the State Government may direct and the provisions of Section 19 shall apply to such supplementary programme.

## CHAPTER-V

### Finance, accounts, audit and debts

**21. Transfer of property.-** The State 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 State Government may deem fit to impose for the purposes, of this Act.

**22. Expenditure etc. till the Board is established.-** (1) All debts or expenditure incurred, all contracts entered into and all matters and things engaged to be done by, with or for the Cottage Industries Board established by the Government in the Industries Department Resolution No. 4686-I., dated the 18th August, 1953, before the date of constitution of the Board under this Act, shall be deemed to have been incurred, entered into, or engaged to be done by, with or for the Board so constituted and all suits and legal proceedings instituted or which may be instituted by or against the said Cottage Industries Board shall be continued or instituted by or against the said Board under this Act.

(2) All the assets of the Cottage Industries Board referred to in Subsection (1) shall upon the constitution of the Board vest in the said Board for the purpose



of this Act.

**23. Funds of Board.-** (1) The Board shall have a Fund of its own styled after its name 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 any local authority or any body or association, whether incorporated or not, or an individual for all or any of the purposes of this Act.

(3) All money belonging to the Fund of the Board shall be deposited in such manner as the State Government may, from time to time 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 authorised by the Board.

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

**25. Subventions and grants to Board.-** (1) The State Government may, from time to time, make subventions and grants to the Board for the purposes of this Ad on such terms and conditions as the State Government may determine in each case.

(2) The Board may, from time to time, with the previous sanction of the State Government and subject to the provisions of this Act and such conditions as the State Government may impose, borrow any sum required for the purposes of this Act.

**26. Budget.-** The Board shall, on such date as may be fixed by the State Government, prepare and submit to the State 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 staff sanctioned by the State Government :

Provided that if within a period of sixty days from the date of submission of the budget, the State Government's sanction is not received for the same, the budget shall be deemed to have been so sanctioned by the said Government.

**27. Sanction of budget.-** (1) The State Government may sanction the budget submitted to them with such modifications as they deem proper.

(2) The Board shall be competent to re-appropriate such amounts as may be necessary from one scheme to another and within sub-head and minor heads subject to the condition that the cost of any scheme as originally sanctioned shall not exceed by more than 25 per cent.

**28. Supplementary budget.-** The Board may submit supplementary budget for the sanction of the State Government in such form and before such date or dates as the State Government may prescribe and the provisions of Section 26 shall apply to such supplementary budget.

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

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

**31. Accounts and audit.-** The accounts of the Board shall be maintained and annual statement of accounts shall be prepared in such manner as may be prescribed. Such accounts shall be examined and audited under the provisions of the Orissa Local Fund Audit Act, 1948, (Orissa Act V of 1948).

## CHAPTER-VI

### Miscellaneous

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

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

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

**<sup>1</sup>[33A. Recovery of dues. -** Where any loan, advance or assistance granted by the Board to any institution or person is not repaid before the date specified therefor, the Board may, without prejudice to any other mode of recovery, issue a certificate for the amount due, to the Collector of the district who shall proceed to recover the amount in the same manner as an arrear of land revenue.]

**34. Protection of action taken.-** 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.

**35. Rules.-** (1) The State Government may 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 members of the Board under Section 4;

(b) the manner and form in which contracts shall be entered into by the

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1. *Inserted vide Orissa Act 12 OF 1959*

Board under Section 13;

(c) the manner in which the business of the Board shall be conducted at the ordinary and special meetings referred to in Section 12;

(d) the functions of the Board under Section 17;

(e) the other particulars of the programme under Section 18;

(f) the form in which and the date before which the supplementary programme shall be submitted under Section 20;

(g) the form in which and the date before which the budget and the supplementary budget shall be submitted under Sections 26 and 28;

(h) the manner in which the annual report shall be prepared and forwarded to the State Government under Section 29;

(i) the manner of maintenance of accounts and preparations of annual statement of accounts under Section 31;

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

**36. Regulations.-** (1) Subject to the provisions of Section 12 the Board may, with the previous sanction of the State Government by notification, make regulations consistent with this Act and rules made thereunder.

(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 the staff of the Board;

(c) functions and duties 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.

**37. Savings.-** 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 (XLV of 1951) or to affect any of the provisions of the said Act.

**38. Power to remove difficulties.-** If any difficulty arises in giving effect to the provisions of this Act, the State Government may, as occasion may require, by order, do anything not inconsistent with this Act, or the rules made thereunder, which appear to them necessary for the purpose of removing the difficulty.