



The Puducherry Khadi and Village Industries Board Act, 1980

Act 11 of 1980

Keyword(s):

Khadi, Non-Statutory Board, Standing Orders, Village Industries

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THE PUDUCHERRY KHADI AND VILLAGE INDUSTRIES BOARD ACT, 1980.

(Act No. 11 of 1980)

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THE PUDUCHERRY KHADI AND VILLAGE INDUSTRIES BOARD ACT, 1980.

(Act No. 11 of 1980)

(5-12-1980)

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 Union territory of Puducherry.

BE it enacted by the Legislative Assembly of Puducherry in the Thirty-first Year of the Republic of India as follows: -

CHAPTER - I

Preliminary

Short title, extent and commencement

1. (1) This Act may be called the Puducherry Khadi and Village Industries Board Act, 1980.

(2) It extends to the whole of the Union territory of Puducherry.

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

Definitions

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

(a) "Board" means the Puducherry Khadi and Village Industries Board established under section 3;

(b) "Chairman" means the Chairman of the Board;

(c) "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);

(d) "Government" means the Administrator of the Union territory of Puducherry appointed by the President under article 239 of the Constitution;

(e) "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 and includes ready-made garments made out of such cloth;

(f) "member" means a member of the Board and includes its Chairman;

(g) "non-statutory Board" means the Khadi and Village Industries Board constituted by the Government by an executive order and functioning in the Union territory on the date of commencement of this Act;

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

(i) "Secretary" means the Secretary of the Board appointed under section 5;

+ This Act came into force w.e.f 15.05.1981 vide Notification published in GOMs No. 49 dt. 6.5.1981 of the Development Department, Puducherry.

- (j) "Standing orders" means standing orders issued under section 32;
- (k) "Vice-Chairman" means the Vice-Chairman of the Board;
- (l) "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; and

- (m) "Union territory" means the Union territory of Puducherry.

CHAPTER - II

Establishment and constitution of the Board

Establishment of the Board

3. There shall be established, by notification in the Official Gazette, a Board, to be called the Puducherry Khadi and Village Industries Board, which 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.

Constitution of the Board

4. (1) The Board shall consist of not more than nine and not less than five members including the Chairman and the Vice-Chairman, of whom not more than four shall be officers serving under the Government. The appointment of members shall be made by the Government and shall be published in the Official Gazette.

(2) One of the members of the Board shall be appointed by the Government, *[omitted] as the Chairman of the Board.

(3) The Government may appoint, *[omitted] one of the other members as the Vice-Chairman who shall exercise such of the powers and perform such of the duties of the Chairman, as may be prescribed or as may be delegated to him by the Chairman.

(4) The non-official members of the Board shall be appointed from among persons who in the opinion of the Government have shown an active interest in the production and development of khadi or in the development of villages industries.

No disqualifications in certain cases

¹[4A. No person shall be disqualified for being chosen as, or for being a member of the Legislative Assembly by virtue only of the fact that he is a Chairman, Vice-Chairman or a Member of the Board].

* Omitted vide S.4(2), 4(3) Act No.14 of 1994.

¹ Inserted vide S.3 Act No.14 of 1994 w.e.f 17-11-1994 and published in the Extraordinary Gazette Part-II No.24 dated 21-11-94.

Secretary of the Board

5. The Government may, *[omitted] appoint an officer under it as Secretary to the Board, who shall be an ex-officio member of the Board.

Resignation of office by member

6. Any non-official member may resign his office by giving notice in writing to the Government, and on such resignation being notified in the Official Gazette, he shall be deemed to have vacated his office.

Vacancies amongst members or defects in the constitution of the Board not to invalidate acts or proceedings of the Board

7. 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

8. The Board may, with the approval of the Government, invite any person to attend a meeting of the Board for the purpose of advising or assisting the Board in any manner. The person so invited may take part in the discussions of the Board but shall have no right to vote.

Meetings of the Board

9. (1) The Board shall meet at such times and places and shall, subject to the provisions of sub-sections (2), (3) and (4), observe such rules of procedure in regard to quorum and transaction of business at its meetings as may be provided by standing orders made by the Board under this Act:

Provided that the Board shall meet at least once in every two months.

(2) The Chairman may, whenever he thinks fit, call a special meeting of the Board.

(3) The Chairman, or in his absence, the Vice-Chairman, or in the absence of both, such other person as may be chosen by the members present from amongst themselves, shall preside at a meeting of the Board.

* Omitted vide S.4 Act No.14 of 1994.

(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 Chairman or in his absence, the person presiding, shall have a second or casting vote.

(5) The minutes of the meeting of the Board shall be forwarded to the Government and the Commission within fifteen days of every meeting.

Term of office and conditions of appointment of members

10. The term of office and the terms and conditions of appointment of the members of the Board shall be such as may be prescribed.

Officers and servants of the Board

11. (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 Chairman.

(2) Subject to such standing orders as may be made by the Board in this behalf, the Board may appoint a Financial Adviser-cum-Chief Accounts Officer * [omitted] and such other officers and servants as it considers necessary for the efficient performance of its functions.

Standing Finance Committee

12. The Board may constitute a standing finance committee consisting of the Vice-Chairman and not more than three members. The Vice-Chairman shall be the president 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 the standing orders.

CHAPTER - III

Functions of the Board

Functions of the Board

13. (1) Subject to the provisions of this Act, the functions of the Board shall generally be to plan, organise and implement programmes for the development of khadi and village industries.

* Omitted vide S. 5 Act No.14 of 1994.

(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 work through the organisation 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 and institutions registered under the Societies Registration Act, 1860 (Central Act 21 of 1860.) or similar other Acts for the development of khadi and village industries;
- (e) to conduct training centres and train persons at such centres or at other centres outside the Union territory of Puducherry 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 activities such as opening of stores, shops, emporia or organising exhibitions;
- (h) to educate public opinion and cultivate in the public a preference for such industries and for utilisation of their products;
- (i) to encourage and promote research in the techniques of production of khadi and in the development of village industries;
- (j) to seek and obtain advice and guidance of experts;
- (k) to provide facilities for a study of the problems relating to khadi or village industries;
- (l) to arrange or assist in the sale and marketing of the products of khadi and village industries; and
- (m) 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.

General powers of the Board

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

- (i) to acquire and hold 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 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 Union territory 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 purpose of this Act.

Power of Government to give directions

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

CHAPTER - IV

Finance, Accounts, Audit and Reports

Transfer of property to the Board

16. 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

17. (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, gifts and loans received from the Central Government or the Commission or any local authority or any body or organisation, 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

18. (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.

(3) The Board shall have power to receive financial assistance from the Commission in the form of loan, grant, subsidy or in any other form with or without security, or on the security of a mortgage, charge, hypothecation of any of its movable and immovable assets.

Power of the Board to spend

19. Subject to the provisions of section 20, the Board shall have power to spend such sums as it deems fit for purposes authorised 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, for any such purpose outside the Union territory.

Budget

20. (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 receipt 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 and the Commission.

(3) The Board may, within the respective limits of the Khadi Budget and the Village Industries Budget and to the extent as may be approved by the Commission, 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 Commission.

(4) The Board may, subject to the provisions contained in sub-section (3), 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.

Borrowing of money

21. 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

22. (1) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the profit and loss accounts 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 Commission before such date as the Government may specify in this behalf.

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

Power to alter scheme

23. The Board may, with the previous approval of the 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

24. The Board may write off any amount 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 rupees three thousand, obtain the sanction of the Government.

Recovery of arrears

25. If any amount due to the Board in accordance with the terms of a contract or otherwise howsoever 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.

Returns and reports

26. (1) The Board shall furnish to the Government and the Commission at such time and in such form and manner as may be prescribed or as the Government or the Commission 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 and the Commission 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 an annual 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) The annual report furnished by the Board to the Government under sub-section (2) shall, as soon as possible after it is so furnished, be placed on the table of the Legislative Assembly.

CHAPTER - V Miscellaneous

Dissolution of the Board

27. (1) If at any time the Government is 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 4.

(3) The Government may make such incidental and consequential provisions as may appear to it 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, and realisable by, the Board shall, during the period of dissolution, vest in, and be realisable by, the Government; and

(ii) all claims and liabilities, legally subsisting and enforceable by or against the Board, shall be enforceable by or against the Government:

Provided that no such liability shall be enforceable against the Government except to the extent of the funds and properties vested in the Government under clause (i):

Provided further that the liabilities, if any, of the Commission legally subsisting and enforceable against the Board shall be enforceable against the Government in entirety irrespective of the funds and properties vested in the Government under clause (i).

Preparation and submission of annual programme and establishment Schedule

28. (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 schemes 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 organise 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 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 20 and sub-sections (1) to (3) (both inclusive) shall, respectively, apply to such supplementary budget and programme.

Members, officers and other servants of the Board to be public servants

29. 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 45 of 1860).

Protection for acts done in good faith

30. (1) No suit, prosecution or other legal proceedings shall lie against the Chairman, Vice-Chairman, Secretary or any member or any person in the employment of the Board for any thing 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.

Power to make rules

31. (1) The Government may, by notification in the Official Gazette, 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 Vice-Chairman, 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 each year under section 20 and sub-section (4) of section 28;
- (g) the procedure to be followed and the conditions to be observed in borrowing moneys and in granting loans;
- (h) the procedure to be followed for placing the Board in possession of funds;
- (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 22;
- (k) the form and manner in which the returns, reports or statements shall be submitted under section 26; 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 of the Union territory and shall be subject to such modification by way of amendment or repeal as the Legislative Assembly may make within fourteen days on which the House actually sits either in the same session or in more than one session:

Provided however that any modifications or annulment shall not affect the validity of anything already done and acted upon under such rules and notifications by the Board.

Power to make standing orders

32. (1) The Board may, with the previous sanction of the Government, by notification in the Official Gazette, issue standing orders 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 standing orders 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 purpose of this Act.

(b) the time and place of meeting 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 the 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 and the Commission;

(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; and

(g) the maintenance of accounts.

(3) The Government may, by notification, rescind any standing order made under this section and thereupon, the standing order shall cease to have effect.

Operation of other laws not affected

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

Dissolution of non-statutory Board and vesting of its assets and liabilities in Board, etc.

34. On the commencement of this Act, the non-statutory Board shall stand dissolved, and -

(i) all its assets rights, powers, authorities and privileges and all property, movable and immovable, cash balances, reserve funds, book debts, investments and all other rights and interests in, or arising out of, such property as were, immediately before such commencement in the ownership, possession, power or control of such Board shall vest in and stand transferred to the Board;

(ii) all borrowings, liabilities and obligations of whatever kind subsisting in relation to the non-statutory Board immediately before the commencement of this Act, shall stand transferred to the Board;

(iii) all loans, grants and financial assistance sanctioned by the Government or by the Commission or any other authority to the non-statutory Board shall be deemed to be loans, grants and financial assistance sanctioned to the Board and shall be the liability of the Board;

(iv) all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature in relation to the non-statutory Board subsisting on and having effect immediately before the commencement of this Act and to which the non-statutory Board is a party or which are in its favour shall be of as full force and effect against or in favour of the Board and may be enforced or acted upon as fully and effectively as if in the place of the non-statutory Board, the Board had been a party thereto or as if they had been issued in favour of the Board.

STATEMENT OF OBJECTS AND REASONS FOR ACT NO. 11 OF 1980

The Government of Puducherry has constituted a non-statutory Board called the "Khadi and Village Industries Board, Puducherry", with a view to promoting and developing khadi and village industries in the union territory of Puducherry. The board is vested with powers to prepare and organise programmes for the production and development of khadi and village industries, and to deal with other matters incidental thereto. It has, however, been found by experience that the Board can function more effectively only if it is made a statutory body, vested with powers executive, administrative and financial, for the proper development of khadi and village industries.

The present Bill seeks to achieve the above object.

STATEMENT OF OBJECTS AND REASONS FOR ACT NO. 14 OF 1994

In accordance with the existing provisions of the Puducherry Khadi and Village Industries Board Act, 1980, the Government has been consulting the Khadi and Village Industries Commission, while appointing the Chairman, Vice-Chairman, Secretary to the Board and Financial Advisor-cum-Chief Accounts Officer in the Puducherry Khadi and Village Industries Board, Puducherry. The Khadi and Village Industries Commission have reviewed the need for such consultation and suggested to dispense with the formality of amendment of sections 4(2), 4(3), 5 and 11(2), and that whenever there is a necessity for the appointment of Chairman, Vice-Chairman, Secretary and Financial Advisor-Cum-Chief Accounts Officer, the Government of Puducherry can make such appointments directly without consultation with the Commission.

2. The Puducherry Khadi and Village Industries Board Act, 1980 does not debar non-officials to be appointed as Chairman, Vice-Chairman and Members of the Board. Nevertheless, it is felt desirable to include a suitable provision in that Act to prevent disqualification of such Chairman, Vice-Chairman and Members for being chosen as or for being the Members of the Legislative Assembly, by way of abundant caution.

3. The Bill seeks to achieve the above objects.
