



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

Act 40 of 1956

**Keyword(s):**

**Khadi, Village Industries, Commission**

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THE PUNJAB KHADI AND VILLAGE INDUSTRIES BOARD  
ACT, 1955

PUNJAB ACT NO. 40 OF 1956

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THE PUNJAB KHADI AND VILLAGE INDUSTRIES BOARD ACT, 1955.

Punjab Act No. 40 of 1956

[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.]

1	2	3	4
Year	No.	Short Title	whether affected by Legislation.
1956	40	The Punjab Khadi and village Industries Board Act 1955.	Extended to Pepsu Territory by Punjab Act 5 of 1957 <sup>2</sup> Amended by Punjab Act, 29 of 1957. <sup>3</sup> Amended by Punjab Act 12 of 1961. <sup>4</sup> Amended by Punjab Act 29 of 1963. <sup>5</sup> Amended by Punjab Act 30 of 1964. <sup>6</sup>

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. (1) This Act may be called the Punjab Khadi and Village Industries Board Act, 1955.

Short title ext-ent and commencement.

<sup>1</sup>For Statement of Objects and Reasons, see Punjab Government Gazette (Extraordinary), 1955, page 697.

<sup>2</sup>For Statement of Objects and Reasons, see Punjab Government Gazette (Extraordinary) 1957, page 339.

<sup>3</sup>For Statement of Objects and Reasons, see Punjab Government Gazette (Extraordinary), 1957, page 1683.

<sup>4</sup>For Statement of Objects and Reasons see Punjab Government Gazette Extraordinary), 1960, page 2050.

<sup>5</sup>For Statement of Objects and Reasons, see Punjab Government Gazette (Extraordinary), 1963, page 502.

<sup>6</sup>For Statement of Objects and Reasons, see Punjab Government Gazette (Extraordinary) 1964, page, 953.

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

(3) It shall come into force at once.

Definitions.

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

(i) “Board” means the Punjab Khadi and Village Industries Board constituted under section 3.

(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 <sup>1</sup>[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 Punjab.

<sup>2</sup>[(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).]

<sup>1</sup>Substituted by Punjab Act, 29 of 1957, section 2.

<sup>2</sup>. Inserted by *ibid.*

<sup>1</sup>[(vii) "member" or "member of the Board" includes "Chairman" or "Chairman of the Board" respectively.]

CHAPTER II—ESTABLISHMENT AND CONSTITUTION OF THE BOARD.

3. (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 Punjab Khadi and Village Industries Board".

Incorporation of 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 immoveable and to contract and do all things necessary for the purposes of this Act.

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

Constitution of Board

Provided that—

<sup>2</sup>[(a) the Chairman shall be a non-official member appointed by the Government;]

(b) the Vice-Chairman shall be a non-official member elected by the Board every year;

(c) the Government shall appoint a Secretary and a Joint Secretary from amongst the members of the Board.

(2) Each non-official member of the Board shall be paid from the funds of the Board such allowance <sup>3</sup>[and the chairman shall be paid such honorarium and allowances] as the Government may fix from time to time. Official members shall draw their Travelling Allowances

1. Inserted by Punjab Act 30 of 1964, section 2.

2. Substituted by Punjab Act 30 of 1964, section 3.

3. Inserted by *ibid*.

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 purposes of the Act admissible to them under the Punjab Travelling Allowance Rules from their respective departments.

(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.

Term of office  
and dissolution  
of Board.

5. (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 <sup>1</sup> × × ×] may at any time resign his office by giving notice in writing to the chairman 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. <sup>1</sup>[provided that the Chairman 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)—

(i) all funds and other properties vested in Board shall vest in Government; and

1. The Words "other than a chairman" omitted and the proviso added by Punjab Act 30 of 1964, section 4.

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- (ii) all liabilities, legally subsisting and enforceable against the Board shall be enforceable against Government to the extent of funds and properties vested in the Government under clause (i) above.

6. (1) A person shall be disqualified for being appointed or for continuing as a member of the Board, if he—

Disqualifications for appointment as members of the Board

- <sup>1</sup>[(a) holds any office of profit under the Board other than the office of Chairman, 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.
- <sup>2</sup>[(f) being a non-official member, does not habitually wear Khadi ;
- (g) is convicted of an offence involving moral turpitude.]

(2) (a) A person shall not be disqualified under clause (a) of subsection (1) by reason only of his being a member receiving allowance <sup>1</sup>[or the chairman receiving any honourarium or allowances] as provided in sub-section (2) of section 4.

(b) A person shall not be disqualified under clause (d) or (e) of subsection (1) or be deemed to have

1. Substituted by Punjab Act 3) of 1964 section 5.  
2. Inserted by Punjab Act, 29 of 1963, section. 2.



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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 co-operative 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 subsection (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.

<sup>1</sup>[(d) A person shall not also be disqualified, or be deemed ever to have been disqualified, under clause (d) or clause (e) of subsection (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 of 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.]

Removal or suspension of a member.

7. (1) The Government may remove form the Board any member <sup>2</sup>[× < ×] if he—

(a) refuses to act ; or

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1 Inserted by Punjab Act 29 of 1963, section 2.

2 The words "other than the chairman" omitted by Punjab Act, 30 of 1964. section 6.

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- (b) has become incapable of acting as a member of the Board ; or
- (c) has so abused his position as a member as to render his continuance on the Board detrimental to the interests of the Public: or
- (d) 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
- (e) ceases to reside in Punjab ; or
- (f) is otherwise unsuitable to continue as member.

(2) The Government may suspend any member of the Board pending an inquiry against him.

(3) No order of suspension or removal under this section shall be made unless the member concerned has been given an opportunity to submit his explanation to the Government.

(4) The Government may fix a period during which any person so removed or suspended under subsection (1) of this section shall not be eligible for re-appointment as member of the Board.

(5) The Government may declare void any transaction in connection with which a member has been removed under subsection (1).

8. When a member dies or resigns as provided in subsection (2) of section 5, or is subject to any of the disqualifications specified in section 6, or is removed under subsection (1) of section 7, he shall cease to be a member of the Board and any vacancy so occurring shall be filled by the Government as early as practicable :

Vacancy to be filled in as early as possible

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

- (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.

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

Power to make contracts.

13. (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

(2) Every contract shall be made on behalf of the Board by the Secretary.

(3) Every contract made by the Secretary 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.

General powers of Board.

14. 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 :

1. Inserted by Punjab Act 12 of 1961, section 2.

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.

14 A. (1) The Chairman shall be responsible for the proper functioning of the Board and implementation of its decisions and discharge of its duties under this Act.

Power of Chairman

- (2) The chairman may, by order in writing, delegate any of his powers to the vice-chairman or any other non-official member of the Board.

- (3) The Chairman shall exercise general control over the Board.

15. 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.

Powers of Secretary.

#### CHAPTER IV - APPOINTMENT OF OFFICERS AND SERVANTS

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

Officers and servants of the Board.

17. 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.

Condition of service of officers and servants of the Board.

Functions and  
duties of offi-  
cers and servant.

18. 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

Transfer of pro-  
perty.

19. (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.

Fund of the  
Board.

20. (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 Commission 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.

Application of  
fund and pro-  
perty.

21. 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. (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.

Subventions and loans to the Board.

(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. (1) In each year, on such date as may be fixed by the Government the Board shall prepare and forward:—

Preparation and submission of Annual Programme and Establishment Schedule.

- (a) programme of its work; and
- (b) a schedule of the staff of officers and servant 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. [(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.

Sanction of programme and establishment schedule.

[(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.]

1 Section 24 renumbered as sub-section (1) and Sub-Section (2) inserted by Punjab Act 29 of 1977, section 6.

Budget.

25. 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.

Sanction of Budget.

26. (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.]

Supplementary programme and supplementary budget.

27. 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 section 25 and 26 shall apply to such supplementary programme and budget respectively.

Annual Report.

28. 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.

Further Reports Statistics and Returns.

29. The Board shall, before such date and at such intervals and in such manner as the Government may from time to time direct, submit to the Government a report on such matter and statistics and returns as the Government may direct.

Accounts and Audit.

30. (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. (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.

Directions by State 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.

32. 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).

Members of Board and Members of staff of Board be public servants.

[32-A. 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.]

Recovery of Boards' dues as arrears of land revenue.



Protection of  
action taken  
under this Act.

33. 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,

Rules.

34. (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 ;].
- (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. (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.

Regulation.

(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. 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 provision of the said Act.

Saving.