

BIHAR KHADI & VILLAGE INDUSTRIES ACT 1956

[BIHAR ACT XIV OF 1956]

Bihar Khadi & Village Industries Act, 1956

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THE SCHEDULE.

THE BIHAR KHADI AND VILLAGE INDUSTRIES ACT, 1956 [1]

AN ACT
TO PROVIDE FOR ORGANISING,
DEVELOPING AND REGULATING
KHADI AND VILLAGE INDUSTRIES
IN THE STATE OF BIHAR AND TO
CONSTITUTE A BOARD TO CARRY
OUT THE SAID OBJECTS.

BE it enacted by the legislature of the State
of Bihar in the Seventh Year of the Republic
of India as follows :—

Chapter—I.

PRELIMINARY

1. Short title, extent and commencement :—
 - (1) This Act may be called the Bihar Khadi and Village Industries Act, 1956.
 - (2) It extends to the whole of the State of Bihar.
 - (3) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.
2. Definitions:—In this Act, unless there is anything repugnant in the subject or context—
 - (a) “Board” means the Bihar Khadi and Village Industries Board established under section 3;
 - (aa) “Commission”—means the khadi & Village Industries Commission established

[1] For Statement of Objects and Reasons, see the Bihar Gazette, Extraordinary, of the 22nd April, 1955; for Report of the Joint Select Committee, See the Bihar Gazette : Extraordinary, of the 2nd September, 1955.

under Section 4 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956).

- (b) “Khadi” means any cloth woven on hand-loom in India from cotton, silk or woollen yarn handspun in India, or from a mixture of any two or all of such yarns;
- (c) “Prescribed” means prescribed by rules made under this Act, and
- (d) “Village Industry” means any of the industries specified in the Schedule to this Act, and shall include such other industry as the State Government may, by notification in the Official Gazette, specify in this behalf in consultation with the Board.

Chapter—II.

ESTABLISHMENT, CONSTITUTION
AND DISSOLUTION OF THE BOARD

3. Establishment of the Board :—(1) As soon as may be after the coming into force of this Act, there shall be established, for the purpose of this Act by the State Government a Board to be called the Bihar State Khadi and Village Industries Board.

(2) The Board shall be a body corporate and shall have perpetual succession and a common seal and shall by the said name sue and be sued.

4 Constitution of Board and term of office :—(1) The Board shall consist of not less than three and not more than five members appointed by the State Government, one of them being nominated by the State Government to be the President thereof.

(2) The State Government in consultation

with the Board, may appoint a person, who may or may not be a member of the Board to be the Secretary of the Board.

(2a) The State Government shall appoint a person, not being a member of the Board, to be the Financial Adviser and Chief Accounts Officer to the Board;

(2aa) The State Government shall, on the recommendation of the Board, appoint an Officer of the State Government to be the Chief Executive Officer of the Board.

(3) The Board shall have power to co-opt for the discussion of any particular matters before it, any officer of the State Government or experts specially qualified to advise on the matter or having special knowledge of local conditions in any area where the industry in question is situated;

Provided that any member so co-opted shall not be entitled to vote.

(4) The term of office of the President and other members the Board shall be three years from the date of publication of their names in the official gazette and shall include any further period which may elapse between the expiration of the said period of three years and the date of publication in the official gazette of the names of the members of the next succeeding Board.

(5) The President and other members shall be eligible for re-appointment.

(6) The non-official members of the Board shall be paid such allowances from the funds of the Board as may be prescribed.

(7) The term of office and the terms and conditions of service of the Financial Adviser and Chief Accounts Officer to the Board shall be such as may be prescribed.

(8) The term of office and the terms and conditions of service of the Chief Executive Officer of the Board shall be such as may be prescribed.

5. Resignation by the President or a member—The President, or any other member of the Board may, at any time, resign his office by submitting his resignation to the State Government, but no such resignation shall take effect until it is accepted by the State Government.

6. Disqualification for appointment on the Board—A person shall be disqualified for being appointed, or for continuing, as a member of the Board, if he—

- (a) does not wear Khadi; or
- (b) holds any office of profit under the Board; or
- (c) is of unsound mind or stands so declared by a competent Court; or
- (d) is an undischarged insolvent or has applied for being adjudged an insolvent; or
- (e) has been convicted of an offence, which involves, in the opinion of the State Government, moral turpitude; or
- (f) 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; or
- (g) is a Director or Secretary or 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;

Provided that a person shall not be disqualified under clauses (f) and (g), 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—

- (i) his, or of the incorporated company or of a cooperative society of which he is a director, secretary, manager or

other salaried officer, having a share or interest in any newspaper in which any advertisement relating to any affairs of the Board is inserted, or

- (ii) his being a share-holder of such a company or society, if he has disclosed to the State Government the nature and extent of the share held by him from time to time.

7. Removal or suspension of a member of the Board.

(1) The State Government may, after such inquiry as may be necessary, remove from office the President or any other member, if he—

- (a) refuses to act; or
- (b) has become incapable of acting; or
- (c) has abused his position in the Board so as to render his continuance on the Board detrimental to its interest; or
- (d) fails, without such reason as may in the opinion of the State Government be sufficient, to attend three consecutive meetings of the Board; or
- (e) ceases to reside in the State of Bihar; or
- (f) has since his appointment incurred any of the disqualifications specified in section 6; or
- (g) is otherwise unsuitable to continue on the Board.

(2) No order of removal under sub-section (1) shall be made, unless the member concerned has been given an opportunity to submit his explanation to the State Government;

Provided that a member may be suspended by the State Government pending an enquiry against him.

(3) A member who has been removed under clauses (c) or (f) of sub-section (1) shall not be eligible for appointment to the Board as member or in any other capacity.

8. Filling of casual vacancies :—If the President or any other member of the Board is unable, by reason of his death, resignation, removal or otherwise, to complete his full term of office, the vacancy so caused shall be filled by the appointment of another person and such person shall fill such vacancy for the unexpired portion of the term for which the President or the member, as the case may be, in whose place such person is appointed, would otherwise have continued in Office.

9. Validity of proceedings :—No act or proceedings of the Board shall be deemed to be invalid only by reason of the existence of the vacancy in the Board or any defect or irregularity in the appointment of a member or the constitution of the Board.

10. Appointment of members of staff of Board and conditions of their service :—(1) The Board may, subject to the approval of the State Government, appoint such number of officers and servants as it may consider necessary.

(2) The remunerations, allowances and other conditions of service of the officers and servants of the Board shall be such as may be determined by regulations made by the Board.

11. Constitution of the Advisory Council :—

(1) To advise and assist the Board in the discharge of its functions under this Act, the State Government may, by notification in the official Gazette, constitute an Advisory Council to be called the Bihar Khadi and Village Industries Advisory Council, consisting of a Chairman and besides the members of the Board, such number of other members, not exceeding twenty-one, as are, in the opinion of the State Government, interested in the development of Khadi and Village Industries.

(2) The President of the Board shall be the Chairman of the Advisory Council.

(3) The term of office of the other members of the Advisory Council shall be three years from the date of the publication of their names in the official Gazette.

(4) The State Government may, if it thinks expedient, dissolve at any time, the Advisory Council or accept the resignation of any member of the Advisory Council or direct that any person shall cease to be a member thereof and any such action of the State Government shall not be questioned in any Court.

(5) The business of the Advisory Council shall be conducted in such manner as may be prescribed.

(6) The non-official members of the Advisory Council shall be paid such allowances from the funds of the Board as may be prescribed.

12. Conduct of business of the Board :—

(1) The Board shall have an office at Patna or at such other place as the State Government may in consultation with the Board, by notification, determine and shall meet at such time and place, and every meeting of the Board shall be summoned in such manner, as may be determined by regulations made by the Board;

Provided that the President may, whenever he thinks fit, call special meetings.

(2) Every meeting shall be presided over by the President and in his absence the members present shall elect one of their members to preside at the meeting.

(3) All questions at any meeting shall be decided by a majority of the members present and voting and, in case of an equality of votes, the person presiding shall have and exercise a second or casting vote.

(4) The minutes of proceedings of every meeting shall be recorded in a book to be provided for the purpose.

(5) A copy of the minutes of the proceedings of every meeting shall be forthwith forwarded to the State Government or to such authority as the State Government may direct,

13. Dissolution of the Board :—(1) If at any time the State Government is satisfied that—

- (a) the Board has, without reasonable cause or excuse made default in the performance of its duties or the discharge of its functions, imposed 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 functions under this Act, or
- (c) it is otherwise expedient or necessary to dissolve the Board,

the State Government may, by notification in the official Gazette 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 dissolution, be performed, exercised and discharged by such person or authority, as may be specified in the notification.

(2) The State Government shall, before the expiration of the period of dissolution, reconstitute the Board in accordance with the provision of section 4.

(3) The State Government may make such incidental and consequential provisions as may appear to be necessary for giving effect to the purposes of this section.

(4) Any notification or order made by the State Government under this section shall not be questioned in any Court.

13A. Effect of the dissolution of the Board—
On the Board ceasing to exist by dissolution under Section 13—

(i) all properties and funds which immediately before the said date were in the possession of the Board for the purposes of this Act shall vest in the State Government;

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

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

Chapter—III.

FUNCTIONS AND POWERS OF THE BOARD.

14. Functions of Board :—(1) It shall be the duty of the Board to organise, develop and regulate Khadi and Village Industries and perform such other functions as the State Government may prescribe from time to time.

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

- (a) to start, encourage, assist and carry on Khadi and Village Industries ;
- (b) to help persons or association of persons by providing them with work in their homes and to give them financial assistance in shape of loans and grant for any of the purposes of this Act on such terms and conditions as may from time to time be laid down :—
- (i) by the Commission, in case of loans and grants given by the Board out of the funds received from the Commission;
- (ii) by the State Government in case of loans and grants given by the Board out of the funds received from the State Government or otherwise;

and such terms and conditions may also provide for the recovery of the loans together with interests thereon, if any, of the grants

- (c) to encourage the establishment of co-operative societies for Khadi and Village Industries;
- (d) to conduct training centres and to train people at such centres or at other cen-

tres outside Bihar with a view to equipping them with the necessary knowledge for starting or carrying on khadi or village industries;

- (e) to arrange for the supply of raw materials, tools and implements and for the finished products of such industries;
- (f) to arrange for publicity of, and popularising, finished products of such industries by opening stores, shops, emporiums or exhibitions;
- (g) to endeavour to educate public opinion and to impress upon the public the advantages of patronising the products of khadi and village industries;
- (h) to seek and obtain the advice and guidance of experts in such industries;
- (i) to undertake and encourage research work in connection with khadi and village industries;
- (j) to maintain or assist in the maintenance of institutions for the development of khadi or village industries; and
- (k) to discharge such other duties and to perform such other functions as the State Government may direct for the purpose of carrying out the objects of this Act.

(3) The Board shall ordinarily consult the Advisory Council constituted under section 11 with respect to the discharge of its functions under this Act.

15. General powers of the Board.

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

- (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 in the case of immovable property such powers shall be exercised with the previous sanction of the State Government;

- (ii) 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 State Government; and
- (iii) to enter into any contract and to do all things necessary for the purpose of this Act.

15 A. Constitution of Standing Finance Committee (1) The Board may constitute, from amongst the members of the Board a Standing Finance Committee which shall exercise such powers and perform such functions relating to the finance of the Board as may be delegated to it by the Board.

- (2) The Financial Adviser and Chief Accounts Officer and the Chief Executive Officer of the Board shall also be the members of the Standing Finance Committee.

Chapter—IV.

PREPARATION AND SUBMISSION OF PROGRAMMES.

16. Preparation and submission of annual programme :—

(1) In each year, on such date as may be prescribed, the Board shall prepare and forward in prescribed form to the State Government :—

- (a) a programme for the promotion and development of Khadi and Village Industries; and
- (b) a schedule of the staff of officers and servants already employed and to be employed in the next year.

(1) The programme shall contain—

- (a) Particulars of the scheme which the Board proposes to execute during the next year;
- (b) particulars of any work which the Board proposes to execute or any undertaking which it 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.

17. Sanction of programme:—The State Government may sanction the programme and the schedule of staff of officers and servants with such modifications as it deems fit.

18. Supplementary programme:—The Board may prepare and forward a supplementary programme for the sanction of the State Government in such form and before such date as may be prescribed and the provisions of section 17 shall apply to such supplementary programme.

Chapter—V.

FINANCE, ACCOUNTS, AUDIT AND DEBTS.

19. Transfer of property:—The State Government may transfer to the Board, buildings, lands or any other property, movable, for the use of, and management by, the Board on such conditions as the State Government may impose for the purposes of this Act.

20. Expenditures, etc, till the Board is established:—All debts or expenditure incurred, all contracts entered into, and all matters and things engaged to be done by, with or for the State Government, in connection with the purposes of this Act before and up to the date of the establishment of the Board, shall be deemed to have been incurred, entered into, or engaged to be done by, with or for the Board, and in

all suits and other legal proceedings instituted by or against the State Government, the Board shall be deemed to be substituted for the State Government.

21. Fund of Board :—(1) The Board shall have two separate Funds to be called the 'Khadi Fund' and 'Village Industries Fund' and all grants and advances made to the Funds, from time to time, by the State Government or by the Commission for the purpose of development of Khadi or the development of Village Industries and all other receipts of the Board shall be credited to the 'Khadi Fund' or the 'Village Industries Fund', as the case may be, and all payments by the Board for or in respect of Khadi or Village Industries shall be made from the appropriate Fund.

(2) The Board may accept grants, subventions, donations and gifts and receive loans from Government or a local authority or anybody 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 Board shall be deposited in such manner as the State Government may, by special or general order, direct.

(4) The accounts of the Board shall be operated upon by the Secretary and such officers of the Board jointly or individually as it may authorise.

22. Application of funds and property :— All property, fund and other assets of the Board shall be held and applied by it subject to the provisions of, and for the purpose of this Act.

23. Subventions and loans to Board :— (1) The State Government may, from time to time, make subventions and grants and advance loans to the Board for the purposes of this Act on such terms and conditions as the State Government may determine in each case.

(2) The Board may, with the previous

sanction of the State Government and subject to the provisions of this Act and such conditions as the State Government may determine, borrow any sum required for the purposes of this Act.

24. Budget :—The Board shall, by such date in each year as may be prescribed, prepare and submit to the State 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 the financial year.

25. Sanction of budget :—(1) The State Government may sanction the budget submitted to it with such modifications as it thinks fit.

(2) Subject to the provisions of sub-sections (3) and (4) no sum shall be expended by or on behalf of the Board unless the expenditure is covered by a specific provision in the budgets approved by the State 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 except with the previous approval of the State Government;

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 State Government.

(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 budgets approved by the State

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 State Government is not exceeded.

26. **Supplementary budget :—**The Board may submit a supplementary budget for the sanction of the State Government in such form and before such date as the State Government may prescribe and the provisions of section 24 and 25 shall apply to such supplementary budget.

27. **Annual Report :—**(1) The Board shall prepare and forward to the State Government in such manner as may be prescribed an annual report within three months of the end of the financial year giving a complete account of its activities during the previous financial year.

(2) The report received by the State Government under sub-section (1) shall be laid before both the houses of State legislature as soon as may be after it is received by the State Government.

28. **Further report, statistics and returns :—**The Board shall, before such date and at such intervals and in such manner as may be prescribed, submit to the State Government a report on such matters and such statistics and such returns as may be prescribed.

29. **Accounts and audit :—**The accounts of the Board shall be maintained and an annual statement of accounts shall be prepared in such manner as may be prescribed. Such accounts shall be audited by an auditor approved by the State Government.

Chapter—VI.

MISCELLANEOUS.

30. **Direction by State Government :—**(1) In the discharge of its functions, the Board shall be guided by such instructions on questions of policy as may be given to it, from time to time by the State Government,

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

31. **Members, Officers and servants of Board to be public servants :—**Members, Officers and servants 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).

32. **Protection of action taken under this Act :—**No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or purported to be done under this Act.

32A. Sums due to the Board recoverable as Public demands—(1) All loans advanced under this Act, all interests, if any, chargeable thereon, all misapplied, misutilised or unutilised grants made under any agreement express or implied or otherwise and cost, if any, incurred in making or recovering the same, whether before or after the commencement of the Bihar Khadi and Village Industries (Amendment) Ordinance, 1966 (Bihar Ordinance no X of 1966) shall, without prejudice to any other remedy provided by law, be recoverable under the Bihar & Orissa Public Demands Recovery Act, 1914 (B. & O. Act IV of 1914).

(2) If any question arises whether a sum is payable to the Board within the meaning of sub-section (1), the same shall be referred to the Director of Industries, Bihar who shall, after making such enquiry as he may deem fit, and after giving the person by whom the sum is alleged to be payable an opportunity of being heard, decide the question and his decision thereon shall be final and shall not be called in question in any court of law.

Explanation :—For the purposes of this sub-section, Director of Industries means the Director of Industries of the Government of Bihar and includes any person not below the rank of a Deputy Director of Industries of the Government of Bihar, whom the Director of Industries may authorise to perform his functions in this behalf.

33. power to make rules :— (1) The State Government may subject to the condition of previous publication, 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, namely :—

- (a) the allowances of members of the Board and the Advisory Council;
- (aa) the terms of office and the terms and conditions of service of the Financial Adviser and Chief Accounts Officer and the Chief Executive Officer of the Board including the salaries and allowances to be paid to them by the Board;
- (b) the manner and form in which contracts shall be entered into;
- (c) the functions of the Board;
- (cc) the powers and duties to be exercised and performed by the Financial Adviser and the Chief Accounts Officer and the Chief Executive Officer of the Board;
- (d) the form and particulars of the programme for the promotion and development of Khadi and Village Industries and schedule of the staff of Officers and servants;
- (e) the form in which and the date before which the supplementary budget shall be submitted;
- (f) the manner in which the annual report shall be prepared and forwarded to the State Government;

(g) the manner of maintenance of accounts and preparation of annual statement of accounts; and

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

34. Regulations:—(1) The Board may, with the previous sanction of the State Government make regulations not inconsistent with this Act and the rules made thereunder and publish them in the Official Gazette.

(2) In particular and without prejudice to the generality of the foregoing power, the Board may make regulations providing for—

- (a) the procedure and disposal of its business;
- (b) remuneration, allowances and other conditions of service of members of the staff of the Board, other than the Financial Adviser and Chief Accounts Officer and the Chief Executive Officer of the Board; and
- (c) functions and duties of the members of the staff of the Board other than the Financial Adviser and Chief Accounts Officer and the Chief Executive Officer of the Board.

35. Savings :—(1) 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 (LXV of 1951), or to affect any of the provisions of that Act.

(2) The provisions of this Act shall be in addition to and not in derogation of the provisions of any other law for the time being in force relating to Khadi and Village Industries.

THE SCHEDULE

[See Section 2 (d)]

1. Bee-keeping.
2. Cottage Match Industry.
3. Cottage pottery Industry.
4. Cottage Soap Industry.

5. Flaying, curing and tanning of hides and skins and ancillary Industries connected with the same and cottage leather Industry.
6. Ghani oil Industry.
7. Handmade paper.
8. Manufacture of Gur and Kharadsari.
9. Palmgur making and other palm products industry.
10. Hand processing of cereals and pulses.
11. Woollen blanket Industry.
12. Lime,
13. Gobar Gas.
14. Carpentry and blacksmithy.
15. Fibre.
16. Manufacture of Shellac.
17. Collection of Forest plants and fruits for medical purposes.
18. Fruit processing and preservation.
19. Bamboo & Cane Work.
20. Manufacture of gum resins and manufacture of Katha.

