

**THE RAJASTHAN KHADI AND VILLAGE INDUSTRIES BOARD
ACT, 1955**

(Act No. 5 of 1955)

(Received the assent of His Highness the Rajpramukh on the 9th day of April, 1955)

An Act to provide for the incorporation and establishment of a Board for encouraging and organising Khadi and Village Industries in Rajasthan.

Be it enacted by the State Legislature of Rajasthan 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 Rajasthan Khadi and Village Industries Board Act, 1955.

¹[(1A) It extends to the whole of the State of Rajasthan.]

(2) It shall come into force at once.

²[(3) As from the 1st day of February, 1959, it shall cease to have effect in the territories, which, immediately, before the 1st November, 1956, were comprised in the Sironj sub-division of Kotah District in the State of Rajasthan.]

2. Interpretation.- (1) In this Act, unless the context otherwise requires-

(a) "Board" means the Rajasthan Khadi and Village Industries Board constituted under section 3;

³[(aa) "Commission" means the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956)];

¹ Inserted by section 2 of Rajasthan Act No. 41 of 1960, Published in Rajasthan Gazette, Part IV-A, dated 24-11-1960.

² Inserted by clause 10 of the Rajasthan Khadi and Village Industries Board Order, 1959, published in the Gazette of India, Part II, Section 3, sub-section(i), dated 31-1-59 and republished in Rajasthan Gazette, Extraordinary, Part V-B dated 1-5-1959.

³ Inserted by section 2 of Rajasthan Act No. 26 of 1964, published in Rajasthan Gazette, Extraordinary, Part IV-A, dated 16-11-964.

¹[(aaa) "Commercial bank" means,-

- (i) a banking company as defined in section 5(c) of the Banking Regulation Act, 1948 (Central Act 10 of 1949);
- (ii) Reserve Bank of India as established by the Reserve Bank of India Act, 1934 (Central Act 11 of 1934) and a scheduled bank as defined in the said Act;
- (iii) State Bank as constituted under the State Bank of India Act, 1955 (Central Act 23 of 1955), including its subsidiary banks as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (Central Act 38 of 1959);
- (iv) a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (Central Act 5 of 1970); and
- (v) such other banking or financing institution as the State Government may, by notification in the Official Gazette, specify as commercial bank for the purposes of this Act.]

(b) "Khadi" means any handloom cloth woven from yarn handspun in India;

(c) "prescribed" means prescribed by rules made under this Act; ²[xx]

³[(cc) "State" means the State of Rajasthan as formed by section 10 of the States Re-organisation Act, 1956 (Central Act 37 of 1956); and]

(d) "Village Industries" include such industries as may be recommended from time to time by the Khadi and Village Industries Board appointed by the Central Government and such other industries, as may be determined by the Board to be village industries.

(2) ²[X X X]

1 Inserted by section 2 of Rajasthan Act No. 4 of 1975, published in the Rajasthan Gazette, Part IV-A, Extraordinary, dated 12-3-1975.

2 Omitted by Rajasthan Act No. 41 of 1960, published in Rajasthan Gazette, Extraordinary, Part IV-A dated 24-11-1960.

3 Inserted by section 3(ii)—*ibid.*

CHAPTER II
ESTABLISHMENT AND CONSTITUTION OF RAJASTHAN
KHADI AND VILLAGE INDUSTRIES BOARD

3. Establishment and incorporation.- (1) As soon as may be after the coming into force of this Act, the State Government, shall, by a notification in the ¹[Official Gazette] establish for the purposes of this Act a Board to be called the Rajasthan Khadi and Village Industries Board.

(2) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal with power to acquire, hold and dispose of property, both movable and immovable, to contract and to do all things necessary for the purposes of this Act and shall by the said name sue and be sued through its Secretary.

²**4. Composition.-** The Board shall consist of the following,-

- (a) A Chairman, who shall be a non-official to be nominated by the State Government, and
- (b) Twelve other members to be appointed by the State Government of whom at least eight shall be non-official members.]

5. Vice-Chairman.- (1) The Vice-Chairman of the Board shall be elected, by the Non-official members of the Board from amongst themselves in the prescribed manner.

(2) Subject to the provisions of sub-section (3), the Vice-Chairman shall hold office so long as he is a member of the Board.

(3) The Vice-Chairman may resign his office by a letter addressed to the Chairman of the Board, or may be removed by a resolution passed by

¹ Substituted by section 4 of Rajasthan Act No. 41 of 1960, published in the Rajasthan Gazette, Part IV-A Extraordinary, dated 24-11-1960.

² Substituted vide section 2 of Rajasthan Act No. 15 of 1968, published in the Rajasthan Gazette, Part IV-A Extraordinary, dated 4-10-1968, Errata published in the Rajasthan Gazette, Part IV-A Ordinary, dated 30-11-1968.

majority of the non-official members of the Board of which not less than fourteen clear days' notice shall be given to all non-official members.

6. Functions of the Chairman and Vice-Chairman.- (1) The Chairman shall exercise such powers and discharge such duties as may be conferred on him by or under this Act.

(2) The Vice-Chairman shall exercise such of the powers and discharge such of the duties of the Chairman, as may be prescribed or as may be delegated to him by the Board.

7. Term of office of members.- The term of office of members, other than *ex-officio* members of the Board shall be such as may be prescribed.

8. Executive and other committees.- (1) The Board may constitute an Executive Committee consisting of not more than five members including ¹[the Chairman and] the Vice-Chairman of the Board, to exercise such powers and discharge such duties as the Board may determine by regulations or as may be prescribed.

(2) The ²[Chairman] of the Board shall be *ex-officio* Chairman of the Executive Committee.

(3) Subject to such restrictions, if any, as may be prescribed, the Board may constitute other Standing Committees or ad hoc Committees for exercising any power or discharging any duty of the Board or for enquiring into or reporting and advising on any matter which the Board may refer to them.

(4) A Standing Committee shall consist exclusively of members of the Board.

(5) An *ad hoc* committee may include persons who are not members of the Board, but their number shall not exceed one-half of its strength.

¹ Inserted by section 20 (a) of Rajasthan Act No. 18 of 1970, published in the Rajasthan Gazette, Part IV-A Extraordinary, dated 27-11-1970.

² Substituted by section 2 (b)—*ibid.*

¹[**8A. Financial Adviser.-** The State Government shall appoint a person not being a member to be a Financial Adviser to the Board, who shall exercise such powers and perform such duties as may be prescribed.]

9. Secretary.- (1) The State Government shall appoint a Secretary to the Board who shall exercise such powers and perform such duties as may be prescribed or as may be delegated to him by the Board or the Chairman.

(2) The Secretary shall be an officer of the Board, whole time or part-time as the State Government may direct.

²[(3) Notwithstanding anything contained in any other provision of this Act, where the Board is to in existence or is prohibited under section 15 from acting or taking proceedings due to the vacancies, the State Government may, by order published in the Official Gazette, authorize the Secretary/Chairman to exercise all or any of the powers, and perform all or any of the functions, of the Board.]

³[**10. Allowance to Chairman and non-official members.-** The Chairman and non-official members of the Board shall be paid from the fund of the Board such allowances as may be prescribed.]

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

12. Disqualification for appointment on the Board.- (1) A person shall be disqualified for being appointed or for continuing as a member of the Board, if he-

(a) holds any office or place of profit under the Board,

1 Inserted by section 4 of Rajasthan Act No. 26 of 1964 published in the Rajasthan Gazette, Extraordinary, Part IV-A, dated 16-11-1964.

2 Added by section 2 of Rajasthan Act No. 23 of 2008 published in the Rajasthan Gazette, Extraordinary, Part IV-A, dated 05-08-2008.

3 Substituted w.e.f. 26-6-88 vide section 3 of Rajasthan Act No. 15 of 1988, published in the Rajasthan Gazette, Part IV-A Extraordinary, dated 4-10-1988.

- (b) is found to be a lunatic or becomes of unsound mind,
- (c) is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors,
- (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, or
- (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.

(2) (a) A person shall not, however, be disqualified under clause (a) of sub-section (i) by reason only of his being a member receiving allowance as provided in section 10;

(b) a person shall not be disqualified under clause (d) or (e) of sub-section (1) or be deemed to have any share or interest in any contract or employment within the meaning of those 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 sub-section (1) or be deemed to have any share of interest in any contract or employment with, by or on behalf of the Board by reason only of his being a shareholder of a company or society having any such share or interest as is referred to in either of those two clauses:

Provided that such person discloses to the State Government the nature and extent of the share held by him from time to time.

13. Removal of members.- (1) The State Government may remove from the Board any member, other than an *ex-officio* member, who, in its opinion:-

- (a) refuses to act; or
- (b) has become incapable of acting; 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 Rajasthan; or
- (f) is otherwise unsuitable to continue as a member.

(2) The State Government may suspend any member pending an inquiry against him in connection with his proposed removal.

(3) 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 with reference to the grounds of his proposed removal.

(4) A member who has been removed under sub-section (1) shall not be eligible for appointment as a member of the Board.

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

14. Filling in vacancies.- When a member other than an *ex-officio* member dies, or resigns under section 11 or is removed under section 13, or when any member is subject to any of the disqualifications specified in section 12, he shall cease to be a member of the Board, and any vacancy so occurring shall be filled in by the State Government as early as practicable:

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

15. Vacancy or defect not to invalidate proceedings.- No act or proceeding of the Board under this Act shall be questioned on the ground merely of the existence of any vacancy in, or defect in the appointment of a member or in the constitution of the Board:

Provided that the Board shall not act or take any proceeding at any time when, by reason of any vacancy occurring, the number of continuing non-official members is less than one-half of the total number of such non-official members in the Board.

16. Meetings of the Board.- The Board shall from time to time make such arrangements with respect to the date, time, place, notice, management and adjournment of its meetings as may be determined by regulations made by the Board, subject to the following provisions viz:-

- (a) ordinary meetings shall be held once at least in every three months,
- (b) the Chairman may, whenever he thinks fit, call special meetings,
- (c) the proceedings of the meetings of the Board shall be forwarded to the State Government in the department concerned.

17. Dissolution of the Board.- (1) The State Government may, at any time, with the previous approval or the ¹[State Legislative Assembly] by notification in the ¹[Official Gazette] make a declaration that with effect from such date as may be specified in the notification, the Board shall be dissolved.

²[(2) On the Board ceasing to exist by dissolution by the State Government under sub-section (1)-

¹ Substituted by section 5 of Rajasthan Act No. 41 of 1960, published in the Rajasthan Gazette, Extraordinary, Part IV-A, dated 24-11-1960.

² Substituted by section 2 of Rajasthan Act No. 37 of 1976, published in the Rajasthan Gazette, Extraordinary, Part IV-A, dated 15-10-1976.

- (a) the executive committee and all other committees of the Board shall cease to function;
- (b) all members of the Board and of the executive committee and other committees of the Board shall vacate office as such members;
- (c) all properties and funds, which immediately before the said date vested in or were in possession of the Board for the purposes of this Act, shall vest in the State Government;
- (d) all legal rights, obligations and liabilities (including the liabilities under any contract) of the Board shall become the rights, obligations and liabilities of the State Government; and
- (e) all legal acts and proceedings of the Board shall, unless set aside, modified or in any way amended by the State Government, continue to have effect as if the Board were not dissolved.]

CHAPTER III

FUNCTIONS AND POWERS OF THE BOARD

18. Functions of the Board.- The Board shall perform the following functions:-

- (1) to start, encourage, assist and run Khadi and village industries;
- (2) to help the people by providing them with work in their homes and to give them monetary accommodation;
- (3) to organise co-operative societies for Khadi and village industries;
- (4) to conduct training centres and to train people at these centres outside ¹[the State] in Khadi and village industries;

¹ Substituted by section 6 of Rajasthan Act No. 41 of 1960, Published in the Rajasthan Gazette, Extraordinary, Part IV-A dated 24-11-1960.

- (5) to arrange for the supply of raw materials, tools and implements for Khadi and village industries and for sale of the finished products;
- (6) to arrange for publicity and popularising of Khadi and goods manufactured in village industries by opening stores, shops, exhibitions and the like;
- (7) to endeavour, to educate public opinion and to cultivate in the public a liking and bias for Khadi and village industries and for the utilization of products of such industries;
- (8) to seek and obtain advice and guidance in the subjects mentioned above by inviting experts;
- (9) to undertake and encourage research in Khadi and village industries;
- (10) to carry on such activities as are incidental and conducive to the objects of this Act; and
- (11) such other functions as may be prescribed.

CHAPTER IV

OFFICE, OFFICERS AND SERVANTS OF THE BOARD

19. Office.- The Board shall, on the date of coming into force of this Act, have an office at the Headquarters of the State Government to which all communications and notices may be addressed.

20. Officers and servants.- The Board may ¹[subject to any general or special directions issued by the State Government] appoint such officers and servants as it considers necessary for the efficient performance of its functions:

¹[Provided that Board may, subject as aforesaid, direct that one person shall be appointed to discharge the duties of any two or more officers.]

¹ Inserted and added vide second Schedule to the Rajasthan act No. 21 of 1962, published in the Rajasthan Gazette Extraordinary, Part IV-A dated 16-11-1964.

21. Pay and conditions of Service of the Secretary and other officers and servants.- (1) The pay and other conditions of service of the Secretary to the Board ¹[and the financial Adviser thereto] shall be such as may be fixed by the State Government.

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

22. Functions and duties of officers and servants.- The functions and duties of the officers and servants of the Board shall be such, as the Board may determine by regulations.

CHAPTER V PROPERTY, FINANCE, CONTRACTS, AUDIT AND RETURNS

23. Transfer of property by Government to Board.- The State Government may transfer to the Board, any building, land or any other property, movable or immovable, for use, and management by the Board on such conditions and limitations, as the State Government may deem fit, for the purposes of this Act.

24. Expenditure and contracts made before establishment of Boards.- All debts and 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 or for 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 all suits and other legal proceedings instituted by or against the State Government in respect thereof shall be instituted or continued by or against the Board, as the case may be.

¹ Inserted by Section 5 of Rajasthan Act No. 26 of 1964, Published in the Rajasthan Gazette, Extraordinary, Part IV-A dated 16-11-1964.

25. Contracts by the Board.- All contracts to which the Board is party shall be signed by the Secretary on its behalf.

26. Fund of the Board.- (1) The Board shall have its own fund and the all receipts of the Board shall be credited thereto and all payments by the Board shall be made therefrom.

¹[(2) The Board may-

(a) accept grants, subventions, donations and gifts from the State Government or the Commission or a local authority, any private body, whether incorporated or not, or any individual;

(b) receive loans from the State Government or the Commission, ²{or a Commercial Bank} 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 may be prescribed.

(4) Accounts of the Board in banks shall be operated upon by such officers of the Board jointly or individually as may be authorised by the Board.

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

³[**27-A. Power to advance loans and sanction grants and subsidies.-** The Board may, for the purpose of effectively carrying out its functions under the Act, advance loans and disburse grants and subsidies, to such persons or class of persons engaged in the promotion and development of khadi and Village Industries, and on such terms and conditions, out of the funds received by it from the State Government or the Commission, as may be prescribed or specified by the State Government or the Commission, as the case may be.]

1 Substituted by section 6 of Rajasthan Act No. 26 of 1964, Published in the Rajasthan Gazette, Extraordinary, Part IV-A dated 16-11-1964.

2 Inserted by section 3 of Rajasthan Act No. 4 of 1975, published in the Rajasthan Gazette, Part IV-A Extraordinary, dated 12-3-1975

3 Substituted vide section 2 of Rajasthan Act No. 5 of 1968, published in the Rajasthan Gazette, Part IV-A, Extraordinary, dated 18-3-1968.

28. Annual programme and establishment schedule.- (1) In each year, on such date as may be prescribed, the Board shall prepare and forward-

- (a) a programme of the work for the next year; and
- (b) a schedule of the staff of officers and servants already employed and to be employed during the next year, to the State Government in such form as may be prescribed.

(2) The programme shall contain:-

- (a) particulars of the schemes 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.

(3) The State Government may approve and sanction the programme and the schedule of the staff of officers and servants forwarded to it with such modifications, if any, as it deems fit, and the modifications so made shall be binding on the Board.

29. Budget.- The Board shall, on such date as may be prescribed, prepare and submit to the State Government in the prescribed form the budget for the next financial year, showing the estimated receipts and expenditure on capital and revenue accounts according to the programme and schedule of the staff sanctioned by the State Government.

30. Sanction of budget.- (1) The State Government may sanction the budget submitted to it with such modifications, if any, as it deems proper.

(2) The Board shall be competent to reappropriate such amounts as may be necessary from one scheme to another or within sub-heads and minor heads, subject to the condition that the cost of any scheme shall not

exceed the amount originally sanctioned by the State Government by more than 33-1/3 per cent, without the approval of the State Government.

31. Supplementary programme and budget.- The Board may submit a supplementary programme and a supplementary budget for the sanction of the State Government in the prescribed form and the provisions of subsection (2) of section 28 and sections 29 and 30 shall apply to such supplementary programme and supplementary budget respectively.

32. Annual Reports.- The Board shall prepare and forward to the State 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.

33. 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 reports on such matters and statistics and returns as the State Government may require.

34. Accounts and audits.- (1) The accounts of 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 persons as the State Government may direct.

(3) As soon as the accounts of the Board are audited, the Board shall send a copy thereof together with a copy of the report of the audit thereto to the State Government.

¹[(3-A) The State Government shall, as soon as may be, after the receipt of the said statement and the report, cause them to be laid on the Table of the House of the State Legislature, and the said statement and the Report shall be open to discussion thereon, but shall not be subject to vote.]

¹ Inserted by Section 8 of Rajasthan Act No. 26 of 1964, published in Rajasthan Gazette, Part IV-A, Extraordinary, dated 16-11-1964.

(4) The audited accounts of the Board shall be submitted to the State Government in such manner as may be prescribed.

(5) The Board shall comply with such directions as the State Government may, after the report of the audit, think fit to issue.

¹[**34-A. Recovery of sums due to Board.-** All sums of money due to the Board on any account whatsoever shall, without prejudice to any other remedy provided by law, be recoverable as arrears of land revenue.

34-B. Power to write off irrecoverable losses.- The Board may write off such irrecoverable losses up to five hundred rupees in each case, subject to an annual limit of five thousand rupees, and in such circumstances and subject to such conditions and restrictions as may be prescribed; cases for such losses exceeding the aforesaid amounts shall be referred to the State Government for orders.]

CHAPTER VI MISCELLANEOUS

35. Directions by State Government.- (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 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.

36. Members, officers and servants to be public servants.- The members, officers and servants of the Board, whether appointed by the State Government or by 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).

¹ Inserted by section 9 of Rajasthan Act No. 26 of 1964, published in Rajasthan Gazette, Extraordinary, Part IV-A, dated 16-11-1964.

37. Rules.- The State Government may, by notification in the ¹[Official Gazette] make rules for carrying out the purposes of this Act, and, in particular, and without prejudice to the generality of the foregoing provision, such rules may provide for any matter which is to be or may be prescribed.

38. Power to make regulations.- The Board may, with the previous sanction of the State Government, make regulations consistent with this Act and the rules made thereunder:-

- (a) regulating its own procedure and the procedure of its committees, including the Executive Committee.
- (b) defining the powers of the Secretary and other officers of the Board, and
- (c) providing for any matter on which regulations are to be or may be made under this Act.

39. Repeal.- (1) The Rajasthan Khadi and Village Industries Board Ordinance, 1955 (Rajasthan Ordinance 3 of 1955) is hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken under any provision of the said Ordinance and in force immediately before the commencement of this Act shall, in so far as the same could have been done or taken under this Act, be deemed to have been done or taken under the corresponding provision of this Act as if this Act were in force on the day on which such thing was done or action was taken, until it is modified or superseded by a competent authority under this Act.

¹ Substituted by section 7 of Rajasthan Act No. 41 of 1960 published in Rajasthan Gazette, Part IV-A, dated 24-11-1960.