

**THE KERALA CASHEW FACTORIES (ACQUISITION)  
ACT, 1974<sup>1</sup>**

(ACT 29 OF 1974)

*An Act to provide for the acquisition, in the public interest, of certain cashew factories*

*Preamble.*—WHEREAS it is expedient, in the public interest, to acquire certain cashew factories to prevent large scale unemployment among the workers in the cashew industry and to provide employment to the workers who have been rendered unemployed and to secure to them just conditions of service,

BE it enacted in the Twenty-fifth Year of the Republic of India as follows.—

1. *Short title, extent and commencement.*—(1) This Act may be called the Kerala Cashew Factories (Acquisition) Act, 1974.

(2) It extends to the whole of the State of Kerala

(3) It shall come into force at once.

2. *Definitions.*—In this Act, unless the context otherwise requires,—

(a) "appointed day" means the date of publication of the declaration under sub-section (1) of section 3 or under sub-section

(b) "Cashew factory" means a factory as defined in the Factories Act, wherein processing of cashewnuts is being carried on and includes the factory building, the site thereof, and the buildings and lands appurtenant thereto used or necessary for, or in connection with, the working of the factory;

(c) "Corporation" means the Kerala State Cashew Development Corporation Limited, incorporated under the Companies Act, 1956 (Central Act 1 of 1956);

(d) "Factories Act" means the Factories Act, 1948 (Central Act 63 of 1948);  
[(dd) "Federation" means the Kerala State Co-operative Marketing Federation;] means an occupier as defined in the Factories Act;

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

<sup>1</sup>Received the assent of the President in the 18th day of November 1974 and published in the Gazette Extraordinary No. 787 dated 19th November 1974

2. Added by Act 14 of 1995 w.e.f 01-05-1984.

3. Inserted by Act 25 of 1985 w.e.f 28-02-1984

(g) "processing", with reference to cashewnuts, includes extraction of cashewnut oil and roasting, shelling, peeling, grading and treating of cashewnuts. *add clause (h).*

4. (h) "workers' co-operative society" or "society" means a co-operative society registered under the Kerala Co-operative Societies Act, 1969 (21 of 1969) and formed with the object of managing a cashew factory which has been closed down or vested under this Act in the Government and of which at least ninety per cent of the members are workmen within the meaning of the Industrial Disputes Act, 1947 (Central Act 14 of 1947), who have been, immediately before the appointed day, in the employment of the cashew factory, *or in a factory in which nuts are not being processed in the factory to which allotment has been made or that such nuts are being transferred to any other cashew factory; or*

(c) that there has been large scale unemployment, other than by way of lay off or retrenchment, of the workers of a cashew factory,

by order published in the Gazette, declare that that cashew factory shall stand transferred to, and vest in, the Government.

Provided that before making a declaration under this sub-section in respect of a cashew factory, the Government shall give the occupier of the factory and the owner of the factory, where he is not the occupier, a notice of their intention to take action under this sub-section and the grounds therefor and consider the objections that may be preferred in pursuance of such notice.

*Explanation.*—For the purposes of this sub-section, the expressions "lay off" and "retrenchment" shall have the meanings respectively assigned to them in the Industrial Disputes Act, 1947 (Central Act 14 of 1947).

(2) The notice referred to in the proviso to sub-section (1) shall also be published in two newspapers published in the State of Kerala, and such publication shall be deemed to be sufficient notice to the occupier, to the owner where he is not the occupier and to all other persons interested in the cashew factory.

(3) On the making of a declaration under sub-section (1), the cashew factory to which the declaration relates, together with all machinery, other accessories and other movable properties as were immediately before the appointed day in the ownership, possession, power or control of the occupier in relation to the factory and all books of accounts, registers and other documents relating thereto shall stand transferred to, and vest in, the Government. — *After this section, Add Section 3A*

*4. Inserted by Act 25 of 1985 w.e.f 28-02-1986.*

4. *General effect of vesting under section 3.*—All property vesting in the Government under section 3 shall, by force of such vesting, be freed and discharged from any trusts, obligations, mortgages, charges, lien and other encumbrances affecting it, and any attachment, injunction or any decree or order of court restricting the use of such property in any manner shall be deemed to have been withdrawn.

6 5. *Inventory of properties.*—(1) An officer authorised by the Government in this behalf shall after the service of the notice under the proviso to sub-section (1) of section 3 or the publication of that section and before the Legislative Assembly under sub-section (1) of the said sub-section (1), the properties of the cashew notice relates, as on the date of service of the said notice or the date of publication of that notice, as the case may be

(2) The officer referred to in sub-section (1) shall, for the purpose of preparing the inventory, have the power to enter the premises of the cashew factory and to require the occupier or any person employed therein to furnish such information as he deems necessary.

(3) Any person who is required to furnish any information under sub-section (2) shall be bound to furnish such information as is within his knowledge.

7 6. *Property and assets not to be damaged or removed after service of notice.*—After the service of the notice under the proviso to sub-section (1) of section 3, or the publication of that notice under sub-section (1) of section 3, the occupier or any other person shall furnish the value of the properties which the notice relates or from the premises of the factory.

7. *Duty to deliver possession of property acquired and documents relating thereto.*—(1) Where any property has vested in the Government under this Act, every person in whose possession or custody or under whose control the property may be, shall deliver the property to the Government forthwith.

(2) The Government may take or cause to be taken all necessary steps for securing possession of the properties which have vested in the Government under this Act, and, for this purpose, the Government may use such force as they deem necessary.

8. *Power of Government to direct vesting of cashew factory in the Corporation.*—(1) Notwithstanding anything contained in

5. Inserted by Act 14 of 1995 w.e.f 1-5-1984  
7. Substituted by Act 14 of 1995 w.e.f 1-5-1984  
6. Inserted by Act 14 of 1995 w.e.f 1-5-1984



8 [1] Notwithstanding anything contained in section 3, Government may, by order, in writing:—

(a) direct that a cashew factory vested in them under this Act shall, instead of continuing to vest in the Government, vest in the Corporation with effect from such date (not being a date earlier than the appointed day) as may be specified in the order; or

(b) entrust a cashew factory vested in them under this Act to the Federation or to a workers' co-operative society, or to any other institution approved by the Government in this behalf for management for such period and on such terms and conditions as may be specified in the order; and in relation to such factory shall, on and from the date of such vesting, be deemed to have become the rights, liabilities and obligations respectively of the Corporation.

9. *Payment of amount.*—(1) The occupier of every cashew factory which is acquired under this Act shall be paid by the Government an amount which shall be determined in accordance with the principles specified in the Schedule:

5. [3A. *Power to acquire any cashew factory in public interest*—(1) Notwithstanding anything contained in section 3, if the Government are satisfied, in relation to a cashew factory, that it has been closed for a period of not less than three months and such closure has prejudicially affected the interest of the majority of the workers engaged in that factory and that immediate action is necessary to restart the cashew factory and such restarting is necessary in the public interest, they may, by order published in the Gazette, declare, that the cashew factory shall stand transferred to, and vest in, the Government.

Provided that no order under this sub-section shall be published unless the proposal for such acquisition is supported by a resolution of the Legislative Assembly.

(2) The provisions of sub-section (3) of section 3 and section 4 shall, as far as may be, apply to a declaration made under sub-section (1), as they apply to a declaration made under sub-section (1) of section 3

(3) The provisions of section 7 to 16 (both inclusive) shall, as far as may be, apply to, or in relation to, the cashew factory, in respect of which a declaration has been made under sub-section (1), its occupier or Government, as the case may be, as they apply to a cashew factory in relation to which a declaration has been made under sub-section (1) of section 3

(7) The amount determined in accordance with the foregoing provisions shall be paid to the person or persons entitled thereto in cash within a period of six months from the date of such determination:

8. Substituted by Act 25 of 1985. w.e.f. 28-2-1984.

Provided that if the amount is not paid within the period aforesaid, the Government shall pay interest on the amount at the rate of four per cent per annum from the date of expiry of the said period.

10. *Employment of certain employees to continue.*—(1) Every person who is a workman within the meaning of the Industrial Disputes Act, 1947 (Central Act 14 of 1947), and has been, immediately before the appointed day, in the employment of a cashew factory vested under this Act in the Government or the Corporation, as the case may be, shall become, on and from the appointed day, an employee of the Government, or as the case may be, of the Corporation and shall hold office or service in the cashew factory on the same terms and conditions and with the same rights to pension, gratuity and other matters as would have been admissible to him if such cashew factory had not been transferred to, and vested in, the Government or the Corporation, as the case may be, and continue to do so unless and until his employment in such cashew factory is duly terminated or until his remuneration, terms and conditions of employment are duly altered, by the Government or the Corporation, as the case may be

(2) The Government or the Corporation, as the case may be, in which a cashew factory has vested under this Act, may employ, on mutually acceptable terms and conditions, any person who is not a workman within the meaning of the Industrial Disputes Act, 1947 (Central Act 14 of 1947) and who has been, immediately before the appointed day, in the employment of such cashew factory, and on such employment the said person shall become an employee of the Government or the Corporation, as the case may be.

(3) Save as otherwise provided in sub-sections (1) and (2), the services of every person who is, on the appointed day, an employee of a cashew factory vested in the Government or the Corporation under this Act shall stand terminated on and from such date as may be specified by the Government

(4) Where, under the terms of any contract of service or otherwise any person whose service becomes terminated or whose service becomes transferred to the Government or the Corporation by reason of the provisions of this Act, is entitled to any payment by way of gratuity or retirement benefits or for any leave not availed of, or any other benefits, such person may enforce his claim against the occupier of the cashew factory but not against the Government or the Corporation. — Add Sec-10A

11. *Provident fund.*—(1) Where a cashew factory has established a provident fund for the benefit of its employees, the

4.3 [10A. Continuance of employees where cashew factory is entrusted to the Federation or to a workers' co-operative society or to an institution for management.—(1) Where a cashew factory vested under this Act in the Government has been entrusted to the Federation or to any other institution approved by the Government in this behalf under sub-section (1) of section 8 for management, every person who is a workman within the meaning of the Industrial Disputes Act, 1947 (Central Act 14 of 1947), and has been immediately before the appointed day in the employment of the cashew factory, shall become, on and from the date on which the cashew factory is so entrusted for management, an employee of the Federation or, as the case may be, of the institution and shall hold office or service in the cashew factory on the same terms and conditions and with the same rights as to pension, gratuity and other matters as would have been admissible to him if such cashew factory had not been transferred to, and vested in, the Government and continue to do so unless and until his employment in such cashew factory is duly terminated or until his remuneration, terms and conditions of employment are duly altered, by the Federation or the institution, as the case may be.

(2) Notwithstanding anything contained in section 10 or in any other law for the time being in force, where a cashew factory vested under this Act in the Government has been entrusted to a workers' co-operative society under sub-section (1) of section 8 for management, only such of those persons who are workmen within





the meaning of the Industrial Disputes Act, 1947 (Central Act 14 of 1947), and have been, immediately before the appointed day, in the employment of the cashew factory and who become members of the workers' co-operative society to which the management has been so entrusted shall be eligible for employment in the cashew factory.

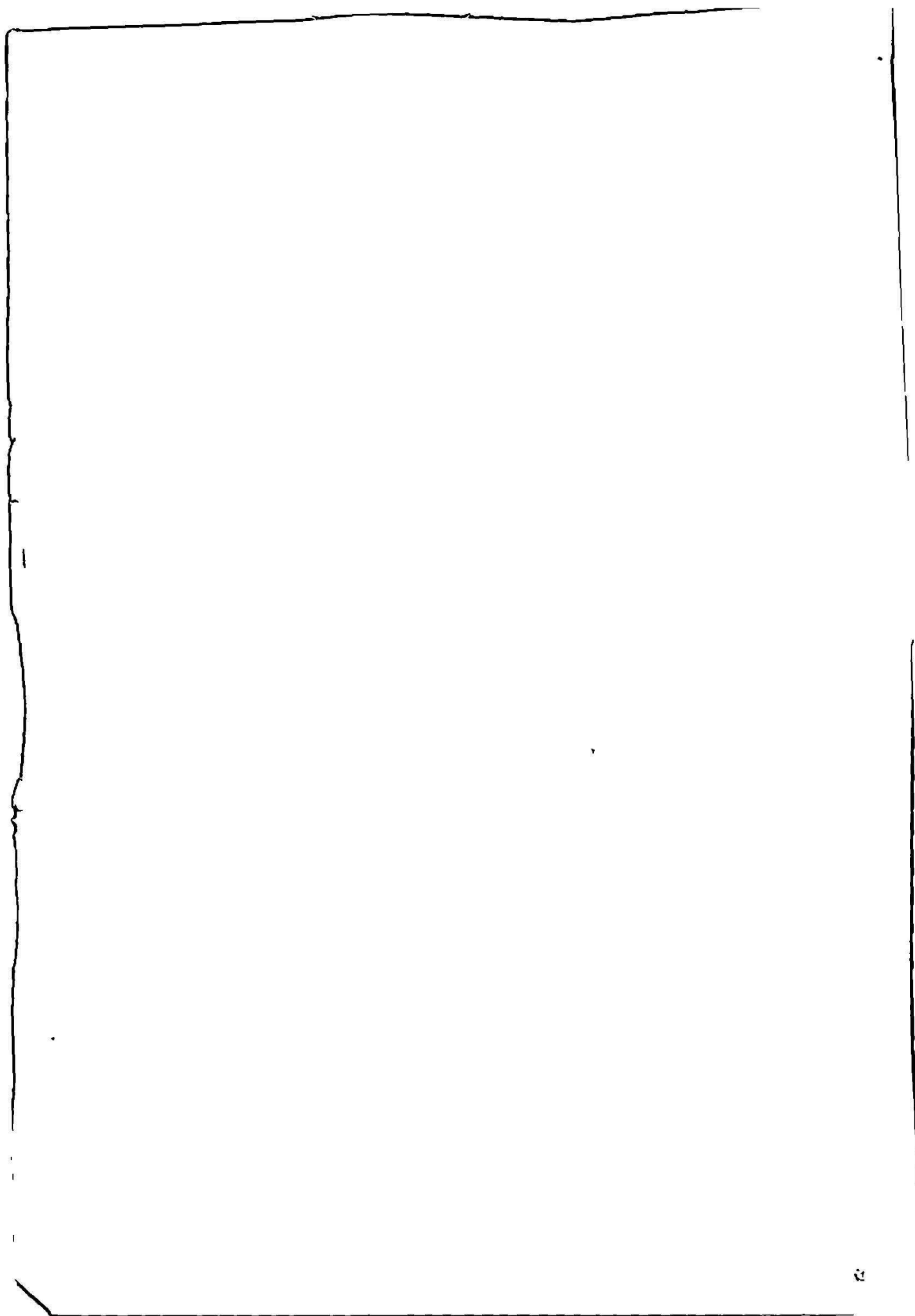
(3) Every person who is eligible for employment under sub-section (2) in a cashew factory vested under this Act in the Government and is entrusted to a workers' co-operative society for management, shall become, on and from the date on which the cashew factory is so entrusted to the society for management or the date on which he becomes a member of such society, whichever is later, an employee of the society and shall, hold office or service in the cashew factory on such remuneration, terms and conditions of employment as may be determined by the society.

(4) The Federation or a workers' co-operative society or any institution to which the management of a cashew factory vested under this Act in the Government is entrusted under sub-section (1) of section 8, may employ on mutually acceptable terms and conditions any person who is not a workman within the meaning of the Industrial Disputes Act, 1947 (Central Act 14 of 1947) and who has been, immediately before the appointed day, in the employment of such cashew factory and on such employment the said person shall become an employee of the Federation or the society or the institution, as the case may be.

(5) Where the management of a cashew factory vested under this Act in the Government is entrusted to the Federation or to a workers' co-operative society or to any other institution for management under sub-section (1) of section 8, any person whose service becomes terminated or who becomes an employee of the Federation or the society or the institution by reason of the provisions of this section, is entitled to any payment by way of gratuity or retirement benefits or for any leave not availed of, or any other benefits, prior to the appointed day, such person may enforce his claim against the occupier of the cashew factory immediately before the appointed day but not against the Government or the Federation or the society or the institution.

(6) Notwithstanding anything contained in the Industrial Disputes Act 1947 (Central Act 14 of 1947), or in any other law for the time being in force, any person whose service becomes terminated or whose terms and conditions of employment have been altered in pursuance of the provisions of this section, shall not be entitled to any compensation under this Act or under any other law for the time being in force and no such claim shall be entertained by any court or tribunal or other authority.





moneys relatable to the employees, whose services have become transferred, by or under this Act, ~~to the Government or the~~ <sup>to the Government or the Corporation or the Federation or</sup> ~~Cor~~ <sup>standing on the appointed</sup>

day a workers' co-operative society or an institution, shall, out of the moneys standing, on the appointed day, to the credit of such provident fund, stand transferred to, and vest in, the Government or (1) the Corporation or the Federation or the workers' co-operative society or the institution, as the case may be, transferred, under sub-section 12. Superannuation benefit of the employees shall be dealt with in such manner as may be prescribed by the Government or the Corporation or the Federation or a workers' co-operative society or an institution, as the case may be, by which such employees were employed, or the Federation or a workers' co-operative society, amount due to each employee as if the employee had superannuated, or his services with the cashew factory had terminated, on the day immediately preceding such date as may be specified by the Government in this behalf.

13. Penalties—(1) Any person who—

- (a) fails to furnish any information which he is bound to furnish under sub-section (3) of section 5 or furnishes any such information which he knows or has reason to believe to be false, or
- (b) contravenes the provisions of section 6; or
- (c) having in his possession, custody or control any property forming part of a cashew factory in respect of which a declaration under section 3 has been made, wrongfully withholds such property from the Government; or
- (d) wrongfully obtains possession of any property forming part of a cashew factory which has vested in the Government under this Act,

shall be punishable with imprisonment for a term which may extend to one year, or with fine, or with both:

Provided that the court trying any offence under clause (c) or clause (d) may, at the time of convicting the accused person, order him to deliver up within a time to be fixed by the court any property wrongfully withheld or obtained.

(2) No court shall take cognizance of an offence punishable under this section except with the previous sanction of the Government or an officer authorised by the Government in this behalf.

10. Substituted by Act 25 of 1985 w.e.f. 28-2-1984

11. Substituted by Act 25 of 1985 w.e.f. 28-2-1984

12. Inserted by Act 25 of 1985 w.e.f. 28-2-1984.

14. *Offences by companies*—(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purposes of this section,—

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.

13. *Protection of action taken in good faith*—(1) No suit, prosecution or other legal proceeding shall lie against the Government or the Corporation or any officer or other employee of the Government or the Corporation for anything which is in good faith done or intended to be done under this Act.

(2) No suit or other legal proceeding shall lie against the Government or the Corporation or any officer or other employee of the Government or the Corporation for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

16. *Power to make rules.*—(1) The Government may, by notification in the Gazette, make rules to carry out the provisions of this Act.

(2) Every rule made under this Act shall be laid, as soon as may be after it is made, before the Legislative Assembly while it is in session for a total period of fourteen days which may be comprised in one session or in two successive sessions and if, before the expiry of the session in which it is so laid or the session.

13. Substituted by Act 25 of 1985 w.e.f. 28-2-1985 15. Substituted by Act 25 of 1985 w.e.f. 28-2-1985

14. Substituted by Act 25 of 1985 w.e.f. 28-2-1985 16. Substituted by Act 25 of 1985 w.e.f. 28-2-1985

14. The Federation or a Workers' Co-operative Society or an institution

immediately following, the Legislative Assembly makes any modification in the rule or decides that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

17. *Repeal and saving.*—(1) The Kerala Cashew Factories (Acquisition) Ordinance, 1974 (8 of 1974), is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act as if this Act had commenced on the 28th day of June, 1974.

## THE SCHEDULE

(See Section 9)

### *Principles for determining amount payable for acquisition of cashew factories*

#### *Paragraph I*

The amount to be paid by the Government for the acquisition of a cashew factory shall be the sum total of the value of the properties and assets of the factory existing on the appointed day, calculated in accordance with the provisions of Paragraph II.

#### *Paragraph II*

(a) (i) In respect of any land which was part of the factory at the time of establishment of the factory, the value of such land at the time of establishment of the factory;

(ii) In respect of any land acquired by the owner or occupier for the purposes of the factory subsequent to the establishment of the factory, the value of such land at the time of such acquisition;

(b) The cost of any buildings at the time of construction *minus* depreciation at the rate of 5 per cent per annum subject to a maximum of 50 per cent depreciation;

(c) The actual cost of acquiring any plant, machinery or other equipment which has not been worked or used and the written down value (determined in accordance with the provisions of the Income-tax Act, 1961) of any other plant, machinery or other equipment, provided that such written down value shall not be less than 25 per cent of the actual cost of acquiring such plant, machinery or other equipment.

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