

**KHADI AND OTHER HANDLOOM INDUSTRIES DEVELOPMENT
(ADDITIONAL EXCISE DUTY ON CLOTH) ACT, 1953**

12 of 1953

[14th April, 1953]

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STATEMENT OF OBJECTS AND REASONS "Both the khadi and the handloom cloth Industry have a definite place in our national economy. Khadi makes its contribution towards the relief of rural unemployment and provides a supplementary source of livelihood to our agricultural population. The handloom industry has a substantial part to play in supplying the demand for cloth in the country. Both these industries, however, have been suffering from many handicaps of late, mainly in finding an adequate market for their products. They have to cater to certain special markets and to individual and local tastes. For this purpose they need assistance in order to obtain adequate supplies of cotton and yarn at reasonable rates, to effect improvement in their methods and technique of production and for organizing the sale and marketing of their goods. In order to finance the development of these industries on these lines, it is proposed that a cess of three pies per yard should be imposed on mill-made cloth other than cloth exported out of India. The cess would take the form of a duty of excise and is expected to yield more than rupees five crores per year. The proceeds of the cess will be allocated by Government for the development of the khadi and the handloom industry, the

proportions being determined each year according to circumstances. Legislation is required for imposing this cess as a duty of excise". Gazette of India, 1953, Pt. II, S. 2, page 3.

1. Short title and extent :-

(1) This Act may be called THE KHADI AND OTHER HANDLOOM INDUSTRIES DEVELOPMENT (ADDITIONAL EXCISE DUTY ON CLOTH) ACT, 1953.

(2) It extends to the whole of India ¹ [* * *].

1. The Words "except the State of Jammu and Kashmir" were omitted by the Jammu and Kashmir (Extension of Laws) Act, 1956 (LXII of 1956), section 2 and Schedule (1-11-1956).

2. Definitions :-

In this Act, unless the context otherwise requires,

¹[(a) "appointed day" means,

(i) in relation to the State of Jammu and Kashmir, the date² on which Jammu and Kashmir (Extension of Laws) Act, 1956, comes into force in that State; and

(ii) in relation to the rest of India, the 15th day of February, 1953;]

MODIFICATIONS Goa, Daman and Diu: In section², in clause (a), omit 'and' at the end of sub-clause (i), and Insert thereafter "(ia) in relation to the Union territory of Goa, Daman and Diu, the date on which this Act comes into force therein". Regn. 11 of 1963, section 3 (1) and Schedule (1-8-1965).

³[(b) "cloth" means cotton, woollen, ⁴ [silk and rayon or artificial silk fabrics], as defined in the First Schedule to Central Excises and Salt Act, 1944.]

Pondicherry: In section 2, in clause (a), for "15th day of February 1953", substitute the words "1st day of November 1954" Fr. Est. A.L.O., 1954.

(c) "handloom cloth" means any cloth, woven from any material, including silk, artificial silk, staple fibre and wool, on looms worked by manual labour;

(d) "handloom industries" means industries which manufacture khadi or other handloom cloth;

(e) "khadi" means any handloom cloth woven from yarn handspun in India.

1. Substituted for the former clause by the Jammu and Kashmir (Extension of Laws) Act, 1956 (LXII of 1956), section 2 and Schedule (1-11-1956).

2. 1st November, 1956.

3. Substituted by Finance Act, 1955 (XV of 1955), section 28 (27-4-1955).

4. Substituted for the words "and rayon or artificial silk fabrics" by Finance Act, 1960 (XIII of 1960), section 21 (28-4-1960).

3. Levy of additional duty of excise on cloth :-

(1) There shall be levied and collected on all cloth manufactured on or after the appointed day in ¹[India], and on all cloth lying in stock on the appointed day in any factory where cloth is manufactured or in any premises appurtenant thereto, a duty of excise at the rate of ²[1.9 naye paise per square metre]: ³ [Provided that no such duty shall be levied on cloth ,

(i) which is exported out of India, or

(ii) which is used in the manufacture of goods which are exported out of India.]

(2) The duty of excise specified in sub-section (1) shall be in addition to the duty of excise chargeable on cloth under Central Excises and Salt Act, 1944, and shall be levied and collected in the same manner as the duty of excise on cloth is levied and collected under that Act.

1. Substituted for "the territories to which this Act extends" by the Jammu and Kashmir (Extension of Laws) Act, 1956 (LXII of 1956), section 2 and Schedule (1-11-1956).

2. Substituted for "three pies per square yard" by the Central Excises (Conversion to Metric Units) Act, 1960 (XXXVIII of 1960), section 5 (1-10-1960).

3. Substituted and deemed always to have been substituted by Amendment Act, 1972 (60 of 1972), S. 2 (w.r.e.f. 10-1-1957),

4. Application of proceeds :-

The Central Government may utilise the net proceeds of the duty of excise levied under this Act for meeting the costs of such measures as it considers necessary or expedient to take for developing khadi and other handloom industries, and, in particular, measures for

(a) undertaking, assisting or encouraging khadi and other

handloom industries;

(b) encouraging the adoption of improved methods of manufacturing khadi and other handloom cloth;

(c) encouraging and developing research in the technique of production of khadi and other handloom cloth and in the art of designs relating thereto;

(d) maintaining or assisting in the maintenance of institutes for the development of khadi and other handloom industries;

(e) promoting the sale and marketing of khadi and other handloom cloth,'

(f) fixing the grades and standards of khadi and other handloom cloth and enforcing quality control;

(g) promoting and encouraging co-operative effort among manufacturers of khadi and other handloom cloth.

5. Power to make rules :-

(1) The Central Government may, by notification in the Official Gazette, make rules¹ for carrying out the purposes of , this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for

(a) the manner in which the proceeds of the duty of excise levied under this Act may be applied for all or any of the purposes specified in section 4 ;

(b) the making of grants or loans from such proceeds to State Governments for all or any of the said purposes;

(c) the allocation of the net proceeds of the duty of excise between khadi and other handloom industries;

(d) the manner in which accounts relating to the proceeds of the duty of excise shall be maintained;

(e) the exemption from the whole or any part of the duty of excise levied under this Act of any variety of cloth which is for the time being exempt from ²[the whole or any part of] the duty of excise imposed under the Central Excises and Salt' Act, 1944 . ³ [Provided that any rule under clause (e) may be made so as to have retrospective effect from any date not earlier than two years before

the date of publication thereof.]

1. For Khadi and other Handloom Industries Development Rules, 1954, see S.R.O. 704 dated 27-2-1954 published in. Gazette of India, 1954, Pt. II, Sec. 3, page 420.
2. Substituted and deemed always to have been substituted by Amendment Act, 1972 (60 of 1972), S. 3 (i) (w.r.e.f. 1-3-1960).
3. inserted and deemed always to have been inserted, Khadi and other Handloom Industries Development Rules, 1954, see S.R.O. 704 dated 27-2-1954 published in. Gazette of India, 1954, Pt. II, Sec. 3, page 420, S. 3 (ii).