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# The National Dairy Development Board Act, 1987

(ACT NO. 37 OF 1987)

[*As on the* 1*st July*, 2026]

## AMENDING ACT

1. The Finance Act, 2002 (20 of 2002).

## LIST OF ABBREVIATIONS USED

| | | | |
|---|---|---|---|
| Cl., cls. | . . . . . | *for* | Clause, clauses. |
| Ins. | . . . . . | ,, | Inserted. |
| Notifn. | . . . . . | ,, | Notification. |
| S., ss. | . . . . . | ,, | Section, sections. |
| Sch. | . . . . . | ,, | Schedule. |
| Subs. | . . . . . | ,, | Substituted. |
| w.e.f. | . . . . . | ,, | with effect from. |

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# THE NATIONAL DAIRY DEVELOPMENT BOARD ACT, 1987

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# THE NATIONAL DAIRY DEVELOPMENT BOARD ACT, 1987

## ACT NO. 37 OF 1987

[15*th September*, 1987.]

An Act to declare the institution known as the National Dairy Development Board in the State of Gujarat to be an institution of national importance and to provide for its incorporation and for the vesting in that body corporate of the undertakings of the Indian Dairy Corporation with a view to provide for the administration and the carrying on of the functions to be performed by the body corporate more effectively throughout the country and for matters connected therewith and incidental thereto.

WHEREAS the National Dairy Development Board, a society formed and registered under the Societies Registration Act, 1860 (21 of 1860) has been serving the country by the adoption of a co-operative strategy, being a strategy evolved at Anand (Gujarat), for the economic development of the rural masses and has been playing a vital role in improving the quality of life of the people through co-operative effort;

AND WHEREAS the objects of the National Dairy Development Board are such as to make it an institution of national importance and to constitute it as a body corporate;

AND WHEREAS the functions of the Indian Dairy Corporation, a company formed and registered under the Companies Act, 1956 (1 of 1956), and the functions of the National Dairy Development Board are complementary to each other and aimed at achieving common objectives;

AND WHEREAS it is necessary that the freedom and flexibility of operation hitherto available to the National Dairy Development Board should continue to be available to it so as to enable it to perform its functions more effectively and to play a wider and increasingly important role in serving the nation;

AND WHEREAS it is considered necessary to vest the undertakings of the Indian Dairy Corporation in the National Dairy Development Board and to dissolve the said Corporation with a view to provide for the administration and the carrying on of the functions to be performed by the body corporate more effectively.

BE it enacted by Parliament in the Thirty-eighth Year of the Republic of India as follows:—

## CHAPTER I

### PRELIMINARY

**1. Short title and commencement.—**(*1*) This Act may be called the National Dairy Development Board Act, 1987.

(*2*) It shall come into force on such date[1] as the Central Government may, by notification in the Official Gazette, appoint.

**2. Declaration of National Dairy Development Board as an institution of national importance.—**Whereas the objects of the National Dairy Development Board at Anand in the State of Gujarat are such as to make the institution one of national importance, it is hereby declared that the National Dairy Development Board is an institution of national importance.

1. 12th October, 1987, *vide* Notifn. No. S.O. 898(E), dated 12th October, 1987, *see* Gazette of India, Extraordinary, Part II, sec. 3(*i*).

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

(*a*) "appointed day" means the date of commencement of this Act;

(*b*) "Board" means the Board of Directors of the National Dairy Development Board;

(*c*) "Chairman" means the Chairman of the National Dairy Development Board;

(*d*) "Companies Act" means the Companies Act, 1956 (1 of 1956);

(*e*) "director" means a director of the National Dairy Development Board, and includes the Chairman;

(*f*) "foodstuffs" means such of the foodstuffs as are included in the definition of essential commodities as contained in clause (*a*) of section 2 of the Essential Commodities Act, 1955 (10 of 1955);

(*g*) "Indian Dairy Corporation" means the Indian Dairy Corporation, a company formed and registered under the Companies Act, and having its registered office at Baroda in the State of Gujarat.

(*h*) "milk product" means—

(*i*) sterilised, standardised, recombined, toned, double-toned, skimmed, flavoured or acidified milk;

(*ii*) ice-cream;

(*iii*) cream;

(*iv*) cheese;

(*v*) butter;

(*vi*) milk powders;

(*vii*) weaning foods with milk and infant milk foods;

(*viii*) malted milk foods with or without cocoa powder;

(*ix*) ghee;

(*x*) anhydrous milk fat and butter oil;

(*xi*) casein;

(*xii*) any other product containing milk or all or any of the milk products specified above which the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*i*) "National Dairy Development Board" means the National Dairy Development Board incorporated under section 4;

(*j*) "prescribed" means prescribed by regulations made under this Act;

(*k*) "restructuring and streamlining", in relation to the organisational and functional set-up of the National Dairy Development Board, includes—

(*i*) opening or closing of units or offices;

(*ii*) revision of the organisational and functional set-up;

(*iii*) declaration of staff required;

(*iv*) integration of posts, fixation of seniority and pay scales;

(*v*) integration of required personnel in the revised set-up and issuance of appointment orders in that behalf;

(*vi*) declaration or demarcation of duties and responsibilities attendant to posts;

(*vii*) declaration of posts equivalent to one another; and

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(*viii*) any other matter that may be necessary of incidental to meet the organisational or functional needs of the National Dairy Development Board;

(*l*) "society" means the National Dairy Development Board, a society formed and registered under the Societies Registration Act, 1860 (21 of 1860) and functioning as such immediately before the appointed day;

(*m*) words and expressions used herein and not defined, but defined in the Companies Act, have the meanings respectively assigned to them in that Act.

## CHAPTER II

## THE NATIONAL DAIRY DEVELOPMENT BOARD

**4. Incorporation of National Dairy Development Board.—**(*1*) The National Dairy Development Board is hereby constituted a body corporate by the same name, and as such body corporate, it shall have perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and shall, by that name, sue and be sued.

(*2*) The head office of the National Dairy Development Board shall be at Anand in the State of Gujarat.

(*3*) The National Dairy Development Board may establish units, offices, branches or agencies at any such place in or outside India as it may consider necessary.

**5. Vesting of undertakings of Indian Dairy Corporation in National Dairy Development Board and dissolution of Indian Dairy Corporation.—**(*1*) On and from the appointed day, subject to the other provisions of this Act, all the undertakings of the Indian Dairy Corporation shall stand transferred to and vest in the National Dairy Development Board.

(*2*) Notwithstanding anything contained in the Companies Act, the Indian Dairy Corporation shall, on and from the appointed day, stand dissolved by virtue of the provisions of this Act.

**6. Effect of incorporation of National Dairy Development Board.—**On and from the appointed day,—

(*a*) all properties and assets, movable and immovable, of, or belonging to, the society and the Indian Dairy Corporation (hereinafter referred to as the dissolved company) shall vest in the National Dairy Development Board;

(*b*) all the rights, debts, liabilities, interests, privileges and obligations of the society and the Indian Dairy Corporation shall stand transferred to, and be the rights, liabilities, interests, privileges and obligations of, the National Dairy Development Board;

(*c*) without prejudice to the provisions of clause (*b*), all debts, liabilities and obligations incurred, all contracts entered into and all matters and things engaged to be done by, with or for, the society or the dissolved company, immediately before the appointed day for or in connection with their purposes, shall be deemed to have been incurred, entered into, or engaged to be done by, with or for, the National Dairy Development Board;

(*d*) all sums of money due to the society and the dissolved company, immediately before the appointed day, shall be deemed to be due to the Board;

(*e*) every subsidiary or the society and the dissolved company shall become the subsidiary of the National Dairy Development Board;

(*f*) every organisation, which was being managed immediately before the appointed day by the society or, as the case may be, by the dissolved company, shall be managed by the National Dairy Development Board for such period to such extent and in such manner as the circumstances may require;

(*g*) every organisation which was getting financial, managerial or technical assistance from the society or the dissolved company, immediately before the appointed day, may continue to be given financial, managerial or technical assistance, as the case may be, by the National Dairy Development Board, for such period, to such extent and in such manner as the National Dairy Development Board may deem fit;

(*h*) the amount representing the capital of the dissolved company shall form part of the funds of the National Dairy Development Board;

(*i*) any reference to the society or, as the case may be, to the dissolved company, in any law other than this Act or in any contract or other instrument, shall be deemed to be reference to the National Dairy Development Board.

**7. Saving of legal proceedings.—**If, on the appointed day, there is pending any suit, arbitration, appeal or other legal proceedings of whatever nature by or against the society or the dissolved company, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the incorporation of the National Dairy Development Board under section 4 or dissolution of the Indian Dairy Corporation under section 5, as the case may be, but the suit, arbitration, appeal or other proceedings may be continued, prosecuted and enforced by or against the National Dairy Development Board in the same manner and to the same extent as it would or may have been continued, prosecuted and enforced by or against the society or the dissolved company, as the case may be, if this Act had not been passed.

## CHAPTER III

### MANAGEMENT OF THE NATIONAL DAIRY DEVELOPMENT BOARD

**8. Management of National Dairy Development Board and composition of its Board of Directors.—**(*1*) The general superintendence, direction, control and management of the affairs and business of the National Dairy Development Board shall vest in a Board of Directors, which shall exercise all powers and do all acts and things which may be exercised or done by the National Dairy Development Board.

(*2*) The Board of Directors of the National Dairy Development Board shall consist of the following, namely:—

(*a*) a Chairman;

(*b*) one director from amongst the officials of the Central Government;

(*c*) two directors from amongst the Chairmen of the State Co-operative Dairy Federations;

(*d*) whole-time directors, not more than three in number, from amongst the executives of the highest grade of the National Dairy Development Board;

(*e*) one director, being an expert, from outside the National Dairy Development Board.

(*3*) The Chairman and the director referred to in clause (*b*) of sub-section (*2*) shall be nominated by the Central Government and the directors referred to in clauses (*c*), (*d*) and (*e*) of sub-section (*2*) shall be nominated by the Central Government after consultation with the Chairman:

Provided that the Chairman and the director referred to in clause (*e*) of sub-section (*2*) shall be persons professionally qualified in one or more specialities, namely, dairying, animal husbandry, rural economics, rural development, business administration or banking.

(*4*) The Board may associate with itself, in such manner, on such terms and for such purposes as it may deem fit, any person whose assistance or advice it may desire in complying with any of the provisions of this Act, and a person so associated shall have the right to take part in the discussions of the Board relevant to the purposes for which he has been associated but shall not have the right to vote.

**9. Terms of office and conditions of service, etc., of Chairman and directors.—**(*1*) The Chairman shall be the Chief Executive of the National Dairy Development Board and shall hold office for such period as the Central Government may determine and any person so nominated shall be eligible for renomination.

(*2*) Notwithstanding anything contained in sub-section (*1*), the Central Government shall have the right to terminate the services of the Chairman, at any time before the expiry of the period determined under that sub-section, by giving him notice of not less than three months in writing or three months' salary and allowances in lieu thereof, and the Chairman shall also have the right to relinquish his office, at any time before the expiry of the period specified under that sub-section, by giving to the Central Government notice of not less than three months in writing.

(*3*) The Chairman shall receive such salary and allowances as may be determined by the Central Government.

(*4*) Where an executive of the National Dairy Development Board has been nominated under section 8 as a whole-time director thereof, such nomination shall be without prejudice to his continuance as an executive of the National Dairy Development Board and he may be continued as such executive on his ceasing to be a director.

(*5*) The directors nominated under clause (*c*) of sub-section (*2*) of section 8 shall hold office for such period not exceeding one year at a time as the Central Government may determine, and the directors nominated under clauses (*d*) and (*e*) of sub-section (*2*) of section 8 shall hold office for such period as the Central Government may determine.

(*6*) Every director, other than the Chairman, shall hold office during the pleasure of the Central Government.

(*7*) The directors referred to in clauses (*b*), (*c*) and (*e*) of sub-section (*2*) of section 8 shall be paid such allowances as the Central Government may determine.

**10. Meetings of Board.—**(*1*) The Board shall meet at the head office of the National Dairy Development Board or any of its offices at such times as the Chairman may direct, and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at its meetings) as may be prescribed.

(*2*) The Chairman or, if he is unable to attend a meeting of the Board, any other director nominated by the Chairman in this behalf and, in the absence of such nomination or where there is no Chairman, any director chosen by the directors present from among themselves, shall preside at the meeting.

(*3*) All questions which come up before any meeting of the Board shall be decided by a majority of votes of the directors present and voting, and in the event of an equality of votes, the Chairman or the person presiding shall have the right to exercise a second or casting vote.

(*4*) Save as otherwise provided in sub-section (*3*), every director of the Board shall have one vote.

**11. Manner of transacting business of Board.—**(*1*) Subject to the provisions of this Act, the Board shall, in the discharge of its functions, act on sound business principles with due regard to public interest.

(*2*) Save as otherwise prescribed, the Chairman shall have the powers of general superintendence, direction, control and management of the affairs and business of the National Dairy Development Board, and he may exercise all other powers and do all acts and things which may be exercised or done by the Board.

(*3*) The Chairman may, when he is unable to discharge his functions by reason of his being away or otherwise, authorise any whole-time director to discharge all or any of his functions for a temporary period.

(*4*) In the absence of the Chairman and of an authorised whole-time director as referred to in sub-section (*3*), for whatsoever reason, the powers of the Chairman may be exercised by the senior-most of the whole-time directors referred to in clause (*d*) of sub-section (*2*) of section 8.

**12. Management committees.—**(*1*) The Board may from time to time constitute such number of management committees as it may deem fit for the purpose of assisting the Board in the efficient discharge of its functions.

(*2*) A management committee shall consist of such number of persons (whether directors or otherwise) as its members as the Board may determine, subject to the condition that in every such committee either the Chairman or a whole-time director shall be a member thereof.

(*3*) Every management committee shall function under the general control, direction and superintendence of the Board, and for such duration and in such manner as the Board may direct.

(*4*) The minutes of every meeting of the management committees shall, as soon as may be, be laid before the Board.

**13. Allowances, etc., of members of management committees.—**(*1*) The members of any management committee, other than the Chairman and whole-time directors, may be paid such allowances, if any, as may be prescribed, for attending the meetings of the management committee or for attending to any other work of the National Dairy Development Board.

(*2*) All other matters pertaining to the conduct of proceedings of the management committees shall be such as may be prescribed.

**14. Delegation of powers to management committees, etc.—**(*1*) The Board may delegate to any management committee or to any member thereof or to any officer of the National Dairy Development Board, subject to such conditions and limitations, if any, as may be specified by the Board, such of its powers and functions under this Act as it may deem necessary for the efficient discharge of its functions.

(*2*) The Board may, if it considers it necessary so to do in the public interest, delegate any of its powers and functions, subject to such conditions and limitations, if any, as may be specified by it, to a co-operative federation at the National or State level, or to any organisation owned, managed, controlled or assisted by the National Dairy Development Board.

**15. Delegation of powers to whole-time directors, etc.—**The Board may, from time to time, by order, delegate, subject to such general and special conditions as it may deem fit to impose, the powers of appointment, termination, suspension and dismissal from service of any employee of the National Dairy Development Board,—

(*a*) who is drawing a salary in such higher grade as may be prescribed, to a whole-time director, and

(*b*) who is drawing a salary in any grade, other than a higher grade prescribed under clause (*a*), to such officer of the National Dairy Development Board as it may deem fit:

Provided that in relation to employees falling under clause (*b*), the Chairman may, if he considers it necessary or expedient so to do, perform the functions of the Board under this section.

## CHAPTER IV

## POWERS AND FUNCTIONS OF THE NATIONAL DAIRY DEVELOPMENT BOARD

**16. Powers and functions of National Dairy Development Board.—**(*1*) Subject to the provisions of this Act,—

(*a*) it shall be the duty and function of the National Dairy Development Board to promote plan and organise programmes for the purposes of development of dairy and other agriculture based and allied industries and biologicals on an intensive and nation-wide basis and to render assistance in the implementation of such programmes;

(*b*) it shall be the responsibility of the National Dairy Development Board to adopt the co-operative strategy in a more effective manner on an intensive and nation-wide basis and to take such steps as may be necessary for the purposes aforesaid; and

(*c*) the National Dairy Development Board may take such measures for carrying out the said purposes, and for the exercise of its powers and the performance of its functions and responsibilities under this Act, as it may consider necessary.

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(*2*) In particular, and without prejudice to the generality of the foregoing provisions, the measures referred to therein may provide for—

(*a*) facilitating research and promotional activities in the fields of dairying, immunology, animal husbandry, agriculture and horticulture;

(*b*) imparting technological know-how to such organisations in the co-operative or public sector as are engaged in the production, procurement, preservation or marketing of milk and milk products;

(*c*) facilitating the training of personnel for absorbing and utilising the technical know-how that may be imparted;

(*d*) designing, planning, promoting developing, constructing, sponsoring and setting up of dairy industries and undertaking any other related promotional activity including the financing of the same;

(*e*) providing consultancy and managerial services and the execution of any project on a turn-key basis or otherwise, furnishing integral services such as storage, transportation, processing, distribution of milk and milk products and to serve as a lead institution with reference to milk and milk products;

(*f*) adopting such measures as may be practicable—

(*i*) for the conservation of milk and milk products by avoidance of waste at all stages or otherwise;

(*ii*) to assist primary producers of milk and milk products and persons in the co-operative and public sector to get incentive prices; and

(*iii*) to build up a national milk grid;

(*g*) recommending to Government, as and when necessary, the maximum and minimum prices to be fixed for the purchase or sale of milk and, if so required, assist in the enforcement of it;

(*h*) functioning as a channelising agency in respect of import and export of milk and milk products and of milch animals or bulls;

(*i*) providing financial, technical, administrative, managerial or other assistance or taking such measures as may be necessary—

(*A*) for the development (if required by the import of quality semen) and preservation of high yielding cattle;

(*B*) for adopting improved methods of cattle breeding;

(*C*) for increasing production and supply of better and improved animal feed including fodder; and

(*D*) generally for the enhancement of the cattle wealth of the country;

(*j*) processing, promoting or financing technological, industrial or economic research in milk and milk products in such manner as the Board may deem fit by the utilisation of available institutions or otherwise;

(*k*) financing, in such manner as the Board may deem appropriate (including contribution to capital), of co-operative federations, co-operative unions or co-operative enterprises or of any scheme in the co-operative or public sector intended to stimulate the production, preservation, distribution and consumption of milk and milk products nation-wide;

(*l*) regulating the dairy and allied industries and functioning as regulatory authority therefor, as may be required by the Central Government;

(*m*) adopting measures for the development and co-ordination of organisations in the production of milk and milk products so as to enable the primary producers thereof to become participants in, and beneficiaries of, the development and growth of dairy and allied industries;

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(*n*) collecting and compiling relevant data and statistics necessary for the efficient management of the national milk grid and national milch herd and on any other matter relating to dairying and allied industries;

(*o*) promoting publicity on the research and development of dairy and allied industries;

(*p*) promoting and developing production, grading and marketing of milk and milk products in various parts of the country;

(*q*) co-operating with international organisations and foreign experts and for functioning as the agent of the Central Government for the reception, utilisation and disbursement of any gift of milk and milk products and any other foodstuffs;

(*r*) building up of a reserve of buffer stock of basic commodities;

(*s*) promoting the export of milk and milk products where, in the opinion of the Board, it is so required to avoid waste or to otherwise serve the public interest and generally for exporting any article produced, processed or promoted by it;

(*t*) acquiring, holding and disposing of any property for the purposes of its business;

(*u*) transferring the whole or any part of its managerial, technical or other functions in relation to any organisations receiving assistance from the National Dairy Development Board to the recipient organisation;

(*v*) advancing or lending money upon security of movable or immovable property or otherwise;

(*w*) borrowing money in such manner and upon such security as the Board may deem fit;

(*x*) carrying on, either by itself or through any other organisations, any other business or class of business, in a case where such business or class of business was being carried on by the society or the dissolved company immediately before the appointed day;

(*y*) promoting and encouraging co-operative effort among those engaged in the production of milk and milk products and other foodstuffs;

(*z*) levying fees or other charges for any assistance given or services rendered by the National Dairy Development Board;

(*za*) carrying on any other business or doing any other act or thing as may be necessary, incidental or conducive to further the objectives of the National Dairy Development Board under this Act.

(*3*) If, immediately before the appointed day, either the society or the dissolved company was engaged in the production, research and development, processing, marketing, import, export or other activities, or had been rendering any service or assistance, in relation to any article or product, other than milk and milk products or the dairy industry, then, notwithstanding anything contained in this Act or in any other law, the National Dairy Development Board may engage in the production, research and development, processing, marketing, import, export or other activities, or render such other services or assistance in relation to the said article or product as may be required, and the provisions of sub-sections (*1*) and (*2*) shall, so far as may be, apply in relation to that article or product, as if any reference therein to milk and milk products or to dairy and allied industries had been a reference to that article or product or service or activity.

(*4*) Where the Central Government or the Government of any State considers that, having regard to the special expertise of the National Dairy Development Board and the needs of the public, it is necessary or advisable to entrust the National Dairy Development Board with any activity, other than that to which the foregoing sub-sections apply, it may, entrust such activity to the National Dairy Development Board, whereupon it shall be competent for the National Dairy Development Board to carry on such activity.

(*5*) Without prejudice to the generality of the foregoing powers, it shall be competent for the National Dairy Development Board to participate, with the prior approval of the Central Government, in any other organisation, financially, managerially or in any other manner.

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## CHAPTER V

### PROVISIONS RELATING TO DIRECTORS AND EMPLOYEES OF THE NATIONAL DAIRY DEVELOPMENT BOARD

**17. Provisions regarding members of board of society and directors of dissolved company.—**Every person holding office as a member of the board of the society, or as a director of the dissolved company, immediately before the appointed day, shall, on and from that day, cease to hold office as such member or director.

**18. Provisions relating to officers and other employees of society and of dissolved company.—**Subject to the provisions of section 19, every full-time officer or other employee, holding office immediately before the appointed day, in the society or the dissolved company, shall, on and from the appointed day, become an officer or other employee, as the case may be, of the National Dairy Development Board and shall hold office or service in the National Dairy Development Board on the same terms and conditions of service as he would have had under the society or the dissolved company, as the case may be, and shall continue to do so unless and until his terms and conditions of service are duly altered by the Board.

**19. Power of Board to restructure and streamline organisational and functional set-up of National Dairy Development Board to secure utmost efficiency in functioning.—**(*1*) Notwithstanding anything contained in this Chapter, the National Dairy Development Board may make such orders or take such action as may be necessary for restructuring and streamlining the organisational and functional set-up of the National Dairy Development Board to secure utmost efficiency in its functioning, and the Board shall, for achieving this object, be competent to declare any officer or other employee or any class of officers or other employees to be redundant if it finds them redundant by way of being surplus or otherwise due to duplication of posts of the same nature, or absence of the special expertise required for the post in the revised set-up, or the non-availability of posts in a particular office or unit of the National Dairy Development Board and it is not practicable to accommodate him in the type of post in the particular grade.

(*2*) Nothing in this Chapter shall preclude the Board, if it is considered necessary for the purpose of rationalising the conditions of service of the officers and other employees so transferred to it, to change their designation, conditions of service or the scales of pay applicable to them or to reallocate their duties and functions.

**20. Schemes regarding compensation to redundant employees, etc.—**(*1*) The officers or other employees declared as redundant in pursuance of section 19, shall be dealt with in accordance with such scheme or schemes as the Board may, with the previous approval of the Central Government, make in this behalf and different schemes may be made in relation to different classes or categories of officers and other employees.

(*2*) The scheme or schemes referred to in sub-section (*1*) may provide for—

(*a*) the quantum of compensation payable to any officer or other employee referred to in sub-section (*1*) and the mode of payment thereof:

Provided that the compensation so payable shall in no case be less than that payable to him under the service conditions applicable to him if his services were dispensed with;

(*b*) the quantum of arrears of salary or other emoluments, provident fund, gratuity or any other amount that may be payable in accordance with the service conditions applicable to them;

(*c*) the provision for appeal for the aggrieved redundant officers and other employees and for the appellate authority, being an officer not below the rank of a Joint Secretary to the Government of India in the Ministry dealing with Agriculture;

(*d*) any other matter pertaining to the termination of service consequent on their being declared redundant.

**21. Compensation for transfer of employees not payable.—**The transfer of the services of any officer or other employee of the society or of the dissolved company to the National Dairy Development Board shall not entitle any such officer or other employee to any compensation under the Industrial Disputes Act, 1947 (14 of 1947) or any other law for the time being in force, and no such claim shall be entertained by any court, tribunal or other authority.

**22. Provident fund, gratuity, welfare and other funds.—**(*1*) Where a provident fund has been established by the society or the dissolved company in respect of either of them for the benefit of the officers or other employees and the same stands vested in a trust, the moneys and other assets standing to the credit of each provident fund shall continue to be held in trust with the same objects as were applicable before the appointed day and the trustees of such trusts immediately before the appointed day shall, subject to the provisions of the trust deeds and the rules relating to the respective trusts, continue to function as trustees in respect of the respective provident fund until and unless otherwise directed by the National Dairy Development Board, and the rights relating to the said trusts shall, as from the appointed day, vest in the National Dairy Development Board.

(*2*) Where any gratuity, welfare or other fund had been established by the society or the dissolved company for the benefit of its officers or other employees and is in existence immediately before the appointed day, all moneys and other assets standing to the credit of or relatable to such gratuity, welfare or other fund shall vest in the National Dairy Development Board.

(*3*) Notwithstanding anything contained in sub-sections (*1*) and (*2*), the Board may give such directions relating to the trusts or funds or take such other action as it may deem fit so as to bring about uniformity or to effect integration in part or in whole in such trusts or funds.

(*4*) The Board may, having regard to the welfare of the officers and other employees or their families, take such steps for the advancement of their health, education or other interests as may be prescribed and create such institutions as may be required for the purpose.

(*5*) Nothing in the foregoing provisions of this section shall derogate the power of the Board to make regulations for establishing or maintaining any provident fund, welfare fund, gratuity fund or other fund for any of its officers or other employees.

## CHAPTER VI

### FINANCE, ACCOUNTS AND AUDIT

**23. Borrowing powers of Board.—**The Board may, with the previous approval of the Central Government or in accordance with the terms of any general or special authority given to it by the Central Government, borrow money from any source as it may deem fit for discharging all or any of its functions under this Act.

**24. Grants and loans by Central Government.—**The Central Government may, after due appropriation made by Parliament by law in this behalf, pay to the National Dairy Development Board by way of grants or loans such sums of money as the Central Government may think fit for being utilised for the purposes of this Act.

**25. Grants, donations, etc.—**The National Dairy Development Board may receive gifts, grants, donations or benefactions from Government or any other source in or outside India and the same shall be used by the Board for exercising its functions and discharging its responsibilities under this Act.

(*2*) The National Dairy Development Board shall not receive any gifts, grants, donations or benefactions from a foreign government or any other source outside India except with the previous approval of the Central Government.

**26. National Dairy Development Board Fund.—**(*1*) The National Dairy Development Board shall maintain a Fund to be called the National Dairy Development Board Fund to which shall be credited—

(*a*) all sums of money vested in the National Dairy Development Board under Chapter II;

(*b*) all sums of money that may be provided by Government;

(*c*) all fees and other charges received by the National Dairy Development Board;

(*d*) all sums of money generated from gift commodities by the National Dairy Development Board or received by it by way of grants, donations, benefactions, bequests or transfers; and

(*e*) all sums of money received by the National Dairy Development Board in any other manner or from any other source.

(*2*) All sums of money credited to the said Fund shall, subject to the regulations, if any, made in this behalf, be deposited with the State Bank of India or any other nationalised bank.

*Explanation*.—In sub-section "nationalised bank" means a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (44 of 1980).

(*3*) The said Fund shall be applied towards meeting the administrative and other expenses of the National Dairy Development Board, including expenses incurred in the exercise of the powers and the discharge of its functions and responsibilities under section 16 or in relation to any of the activities referred to therein or for anything relatable thereto.

**27. Preparation of accounts and balance-sheet.—**(*1*) The balance-sheet and accounts of the National Dairy Development Board shall be prepared in such form and in such manner as may be prescribed.

(*2*) The Board shall cause the books and accounts of the National Dairy Development Board to be closed and balanced as on the 31st day of March each year or such other date as the Board may, with the concurrence of the Central Government, decide.

**28. Audit.—**(*1*) The accounts of the National Dairy Development Board shall be audited by auditors duly qualified to act as auditors of companies under the Companies Act, and the appointment of auditors and remuneration payable to them shall be subject to the approval of the Central Government.

(*2*) Every auditor in the performance of his duties shall have at all reasonable times access to books, accounts and other documents of the National Dairy Development Board.

(*3*) The auditors shall submit their report to the Board which shall forward a copy of their report to the Central Government.

**29. Reports to be laid before Parliament.—**The Central Government shall cause the report of the auditors under section 28 to be laid before both the Houses of Parliament as soon as may be after such report is received by the Central Government.

**30. Power to call for repayment before agreed period.—**Notwithstanding anything contained in any agreement to the contrary, the Board may, by notice in writing, require any person to which the National Dairy Development Board or the society or the dissolved company has granted any loan or advance, to discharge forthwith in full, its liabilities to the Board,—

(*a*) if it appears to the Board that any false or misleading information in any material particular was given in the application for the loan or advance; or

(*b*) if the person has failed to comply with the terms of its contract in the matter of the loan or advance; or

(*c*) if there is a reasonable apprehension that the person is unable to pay his debts or that proceedings for liquidation may be commenced in respect thereof; or

(*d*) if the property pledged, mortgaged, hypothecated or assigned as security for the loan or advance is not insured and kept insured by the person to the satisfaction of the Board (or depreciates in value to such an extent that, in the opinion of the Board, further security to the satisfaction of the Board should be given and such security is not given after demand); or

(*e*) if, without due permission, any machinery, plant or other equipment (whether forming part of security or not) is removed from the concerned premises without being replaced; or

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(*f*) if it appears to the Board that any condition in the loan agreement relating to the supply of goods or implementation of the project is being substantially violated; or

(*g*) if, for any other reason, the Board considers it necessary so to do for protecting the interests of the National Dairy Development Board.

**31. Special provisions for enforcement of claims by National Dairy Development Board.—**(*1*) Where any person, in breach of any agreement, makes any default in the repayment of any loan or advance or any instalment thereof (or in meeting its obligations in relation to the guarantee given by the National Dairy Development Board) or otherwise fails to comply with the terms of agreement with the Board or where the Board requires any person to make immediate repayment of any loan or advance under section 30 and the person fails to make such repayment, then, without prejudice to the provisions of section 69 of the Transfer of Property Act, 1882 (4 of 1882), any officer of the National Dairy Development Board, generally or specially authorised by the Board in this behalf, may apply to the court for one or more of the following reliefs, namely:—

(*a*) for an order for the sale of the property pledged, mortgaged, hypothecated or assigned to the National Dairy Development Board as security for the loan or advance; or

(*b*) for transferring the management of any organisation to the National Dairy Development Board; or

(*c*) for an *ad interim* injunction where there is apprehension that the machinery or other equipment is being removed from the premises of the organisation without due permission.

(*2*) The procedure for making an application under sub-section (*1*) and for the disposal thereof shall be such as may be prescribed.

## CHAPTER VII

## MISCELLANEOUS

**32. Defects in appointments not to invalidate acts, etc., of Board.—**No act or proceeding of the Board or of any committee of the National Dairy Development Board shall be questioned on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Board or the committee, as the case may be.

**33. Protection of acts done in good faith.—**No suit or other legal proceeding shall lie against the National Dairy Development Board or any director or any officer or other employee of the Board or any other person authorised by the Board to discharge any functions under this Act, for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act or of any other law or provision having the force of law.

**34. Indemnity of directors.—**Every director shall be indemnified by the National Dairy Development Board against all losses and expenses incurred by him, in, or in relation to, the discharge of his duties, except such as are caused by his own wilful act or default.

**35. Obligation as to fidelity and secrecy.—**(*1*) The Board shall not, except as otherwise required by this Act or any other law, divulge any information relating to, or to the affairs of, the National Dairy Development Board or of the society or of the dissolved company except in circumstances in which it is in accordance with the law or practice and usage customary among financial institutions, necessary or appropriate for the Board to divulge such information.

(*2*) Every director, member of a committee, auditor or officer or other employee of the National Dairy Development Board shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule.

**36. Recruitment of additional officers and other employees.—**Nothing contained in Chapter V shall be deemed to prejudice the right of the National Dairy Development Board to create such number of additional posts or to appoint such number of additional officers or other employees as it may consider necessary or desirable for the efficient discharge of the functions of the National Dairy Development Board and where any such officer or other employee is appointed, the terms and conditions of service, including *inter se* seniority, may also be determined by the Board.

**37. Liquidation only under orders of Central Government.—**No provision of any law relating to the winding up of companies or corporations shall apply to the National Dairy Development Board and it shall not be placed in liquidation save by an order of the Central Government and in such manner as it may direct.

**38. Delegation of certain powers by Central Government.—**(*1*) The Central Government may, on the recommendation of the National Dairy Development Board, if satisfied that it is necessary so to do in the public interest, make any scheme for the purpose of enabling the National Dairy Development Board to undertake and perform any of the activities or functions of the Central Government relatable to dairy, foodstuffs and connected industries, particularly with reference to matters related to the development of the national milk grid by the regulation of the production, procurement, marketing, export-import, maintenance of standards or such like activities (including the collection and compilation of statistics and relevant data).

(*2*) Every scheme made under sub-section (*1*) shall be published in the Official Gazette and may contain such conditions, restrictions or limitations as the Central Government may deem fit to impose.

**39. Transitional provisions for auditors.—**Any auditor appointed in relation to the society or the dissolved company, functioning immediately before the appointed day, may, notwithstanding anything contained in this Act, be continued by the National Dairy Development Board for such period and on such terms as may be considered necessary.

**40. Transitional provisions with regard to Chairman and Board.—**The Chairman of the society, holding office immediately before the appointed day, shall be the Chairman of the National Dairy Development Board until a Chairman is nominated in accordance with the provisions of this Act and he shall be competent to perform the functions of the Board until the constitution of the Board under this Act.

**41. Management or assistance to others to continue.—**For the removal of doubts, it is hereby declared that where, before the appointed day, either the society or the dissolved company was managing any other organisation or rendering any technical or other assistance to any organisation or person, the National Dairy Development Board may continue to render the same or similar service to such extent, for such period and with such modifications as the Board may deem fit.

**42. Mother Dairy to be a subsidiary unit of National Dairy Development Board.—**The undertaking known as the Mother Dairy, Delhi, shall, on and from the appointed day, become a subsidiary unit of the National Dairy Development Board but shall retain its separate character, unless otherwise decided by the Board.

**43. Formation of companies with previous approval of Central Government.—**(*1*) Where the Board considers it necessary so to do, for the implementation of any of its objectives, it may, subject to the previous approval of the Central Government form one or more companies either by itself or in conjunction with any of its subsidiaries or with any other undertaking.

(*2*) Where any company has been formed in pursuance of sub-section (*1*),—

(*a*) in the case of a company formed by the Board by itself or along with its subsidiaries, it may contribute such capital, transfer such of its assets or render such assistance, as may be required, so as to enable the company so formed to function; and

(*b*) in any other case, it may contribute capital, transfer assets or render assistance in such manner and to such extent as the Board may deem fit subject to specific previous approval of the Central Government in that regard.

**44. [*Exemption from tax on income*]** *Omitted by the Finance Act, 2002 (*20 *of* 2002*) s.*162 *(w.e.f.* 1-4-2003).

**45. Returns.—**The National Dairy Development Board shall furnish, from time to time, to the Central Government such returns as the Central Government may require.

**46. Power to make schemes and regulations regarding service matters retrospectively.—**Any scheme or regulation made under this Act in relation to conditions of service or like matters of officers or other employees of the National Dairy Development Board, may be made retrospectively from any date not earlier than the appointed day.

**47. Act to have overriding effect.—**The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in the Companies Act, the Industrial Disputes Act, 1947 (14 of 1947) or any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act, or in any decree or order of any court, tribunal or other authority.

**48. Power to make regulations.—**(*1*) The Board may, by notification in the Gazette of India, make regulations not inconsistent with the provisions of this Act and the schemes made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(*a*) the procedure to be followed for the transaction of business at the meetings of the Board and the number of members which shall form quorum at a meeting under sub-section (*1*) of section 10;

(*b*) the allowances to be paid to the members of any management committee, other than the Chairman and whole-time directors, for attending the meetings of the management committee or for attending to any other work of the National Dairy Development Board under sub-section (*1*) of section 13 and the other matters pertaining to the conduct of proceedings of the management committees under sub-section (*2*) of that section;

(*c*) the higher grade for the purposes of clause (*a*) of section 15;

(*d*) the particulars of the steps for the advancement of the health, education or other interests of the officers and other employees or their families as referred to in sub-section (*4*) of section 22;

(*e*) the matters of detail regarding establishment or maintenance of funds referred to in sub-section (*5*) of section 22;

(*f*) the conditions subject to which sums of money are to be deposited under sub-section (*2*) of section 26;

(*g*) the form and manner in which the balance-sheet and accounts of the National Dairy Development Board shall be prepared under sub-section (*1*) of section 27;

(*h*) the procedure for making an application under sub-section (*1*) of section 31 and for the disposal thereof under sub-section (*2*) of that section;

(*i*) conditions of service of officers and other employees;

(*j*) any other matter which is to be, or may be, prescribed.

**49. Power to remove difficulties.—**(*1*) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no such order shall be made after the expiry of five years from the appointed day.

(*2*) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

**50. Schemes and regulations to be laid before Parliament.—**Every scheme and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and, if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the scheme or regulation or both Houses agree that the scheme or regulation should not be made, the scheme or regulation 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 scheme or regulation.

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## THE SCHEDULE

[*See* section 35 (*2*)]

*Declaration of fidelity and secrecy*

I, ..... do hereby declare that I will faithfully, truly, and to the best of my skill and ability execute and perform the duties required of me as Chairman, director, member of committee, auditor, officer or other employee (as the case may be) of the National Dairy Development Board and which properly relate to the office or position held by me in or in relation to the National Dairy Development Board.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of any person having any dealing with the National Dairy Development Board nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the National Dairy Development Board and relating to the business of the National Dairy Development Board or the business of any person having any dealing with the National Dairy Development Board.

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## STATEMENT OF OBJECTS AND REASONS

The National Dairy Development Board (NDDB) was set up in 1965 by the Government of India as a registered society with the primary objective for providing technical services to implementing agencies in building up their dairy projects on co-operative lines on the pattern of the Kaira District Co-operative Milk Producers' Union Limited, Anand, popularly known as the 'Anand patter'. The National Dairy Development Board has since been progressively playing a wider role together with the Indian Dairy Corporation which is a company formed in 1970 to give supportive assistance in the implementation of the Operation Flood Programme.

2. The Central Government had appointed a Committee—commonly known as the Jha Committee which had recommended the formation of a body corporate to perform the functions of both these institutions taking care to ensure that the autonomy and freedom and flexibility presently enjoyed by the National Dairy Development Board is not adversely affected thereby.

3. To achieve the above, it is proposed to declare the National Dairy Development Board as an institution of national importance and incorporate it as a statutory body. With the enlargement of functions of the National Dairy Development Board over the years, it is felt that the functions of both the institutions can henceforth be performed by the corporate body and as such it is proposed to vest the undertakings of the Indian Dairy Corporation in the body corporate and dissolve the Indian Dairy Corporation.

4. The name of the National Dairy Development Board is retained for the corporate body so that there may be a continuity in reputation and understanding both in India and abroad. Provisions have been included in the Bill to ensure that the body corporate is able to carry on all the functions that they are discharging at present and play an enlarged and vital role with regard to milk, milk products and other commodities with which it is concerned or in respect of which the Government deems it necessary to involve them.

5. The Bill also makes provision for better administration of the body corporate including the constitution of the fund, provision for accounts, audit, etc.

6. The Notes on clauses explain in detail the provisions of the Bill.

7. The Bill seeks to achieve the above objectives.

NEW DELHI; G. S. DHILLON.
*The* 17*th August*, 1987.