

# **Industrial Enterprises Development**

## **Institute Act, 2053 (1996)**

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Act Number 3 of the Year 2053 (1996)

### **An Act made to provide for provisions relating to industrial enterprises development institute**

**Preamble:** Whereas it is expedient to develop industrial business by addressing the need of entrepreneurship, quality management, technology and technical human resource and by strengthening national economy through the development of industrial sector.

Now, therefore, be it enacted by the parliament in the twenty fifth reign of His Majesty king Birendra Bir Bikram Shah Dev.

## **Chapter -1**

### **Preliminary**

1. **Short title and commencement:** (1) This Act may be called "Industrial Enterprises Development Institute Act, 2053 (1996)."  
(2) This Act shall come into force immediately.
2. **Definition:** Unless the subject or context otherwise requires; in this Act;
  - (a) "Institute" means institute constituted pursuant to Section 3.
  - (b) " Board" means the Board of directors constituted pursuant to Section 6.
  - (c) "Chairperson" means the chairperson of the Board.

- (d) "Member" means member of the board and this expression also includes the chairperson and Member Secretary of the Board.
- (e) "Executive Director" means an Executive Director appointed pursuant to Section 9.
- (f) "Prescribed" or "as Prescribed" means prescribed or as prescribed in the Rules and Bye-laws made under this Act.

## **Chapter -2**

### **Establishment and management of the institute**

- 3. **Establishment of an institute:** (1) An institute called 'Industrial Enterprise Development Institute' is hereby established in order to develop industrial entrepreneurship.
  - (2) The Head office of the Institute shall be located in Kathmandu Valley and the Institute may, as per necessity, establish its centre, sub-center, branch and sub-branch office in any place within Nepal.
- 4. **The institute to be autonomous corporate body:** (1) The Institute shall be an autonomous corporate body with perpetual succession.
  - (2) The institute shall have a separate seal for its activities.
  - (3) The institute may, as good as an individual, acquire, use, sell or otherwise dispose of movable and immovable property.
  - (4) The institute may, as good as an individual, sue and may be sued in the same name.
- 5. **Objective:** The objectives of the institute shall be as follows;
  - (a) To provide services on training for trainers, quality management, feasibility study and consultation to the organizations and institutions involved in the development activities of industrial

entrepreneurship based on their demand in order to assist for human resource development.

- (b) To carry out functional research, as may be required, to provide quality service for the development of industrial entrepreneurship
- (c) To conduct necessary programme in order to develop technical entrepreneurship and managerial knowledge and skill of industrial business as a service oriented institution.
- (d) To emphasize on feasibility study, research and development of industry based on local raw materials or local and foreign raw materials.
- (e) To establish and develop the institutions to be required for the development of industry.

### **Chapter - 3**

#### **Constitution, functions, duties and powers of the Board**

6. **Constitution of the Board**: (1) There shall be a Board of directors in order to conduct or cause to conduct the programmes, as may be required, for carrying out the objectives of the Institute and to inspect and manage all business of the institute.
- (2) Save as provided elsewhere in this Act, the Board shall, subject to this Act or Rules and Bye-laws framed hereunder, exercise all powers and perform the duties of the institute
- (3) Board shall consist of the following members:
- (a) Minister or State Minister for industry - Chairperson
  - (b) Secretary, Ministry of Industry - Member
  - (c) Secretary, Ministry of Finance - Member

- (d) Chairperson, Federation of Nepalese Industry and Commerce - Member
- (e) Chairperson, association of cottage and small industries. - Member
- (f) An expert of management nominated by the Government of Nepal - Member
- (g) A person nominated by the Board from among the entrepreneurs of private sector - Member
- (h) An environmentalist nominated by the Board - Member
- (i) Executive Director Member-Secretary

(4) The tenure of office of nominated member shall be two years and they shall be eligible for re-nomination after the termination of office.

(5) The Board may, as per necessity, invite national or foreign expert, advisor or reputed person to take part at the meeting of the Board as an observer.

7. **Meetings of the Board and decision:** (1) The meetings of the Board shall be held on the date and at the time and place prescribed by the chairperson.

Provided that, the meetings of the Board shall be held at least Four times in a year.

(2) If one third of the total members of the Board submit an application to call a meeting of the board, the Member- Secretary shall, on the approval of the chairperson, call the meeting.

(3) The Member Secretary shall give a notice along with the agenda to be discussed at the meeting to the member.

(4) The chairperson shall preside over the meetings of the Board and in his/her absence the member chosen by the members of the Board themselves shall chair the meeting.

(5) In case at least Fifty percent members of the total members of the Board are present, it shall be deemed to have constituted the quorum for holding the meeting.

(6) The majority opinion at the meeting of the Board shall prevail and in case of a tie, the person presiding over the meeting shall exercise casting vote.

(7) The Member-Secretary of the Board shall authenticate the minutes of the meeting.

(8) Other procedures relating to the meeting of the Board shall be as determined by the Board itself.

8. **Functions, duties and powers of the Board**: The functions, duties and powers of the Board shall be as follows:-

(a) To conduct the training such as, training on creating new business, industrial capacity enhancement, business identification and selection and feasibility study of business plan.

(b) To conduct training such as training on production management and productivity development, market management, account, personal management and business management.

- (c) To conduct the work relating to technical as well as business information and transfer of technology
- (d) To conduct the programme on entrepreneurship, managerial development and trainer training for technical and skill development.
- (e) To provide consultation service on small enterprise.
- (f) To conduct research, training, study, seminar, survey, exhibition, workshop etc. relating to industry by the institution itself or through the participation of other institution.
- (g) To prepare necessary curricula and guidelines for the development of industrial entrepreneurship; to formulate result oriented programme for training and trainees, to implement, monitor and evaluate the effectiveness of such programmes.
- (h) To provide money, goods and other assistance for the development of industrial entrepreneurship from the Government of Nepal or foreign government or national or international institution or association or person.

Provided that, before taking money, commodity or other assistance from the foreign government or foreign based international organization, institution or agency or person, the prior approval of the Government of Nepal shall be required.

- (i) To impose full or partial charge on the programme of the Institute upon considering the economic status of target group and cost of the programme.
- (j) To perform other necessary functions to carry out the objectives of the Institute.

## Chapter -4

### **Executive Director and the provisions relating to employees**

9. **Appointment of an Executive Director:** (1) There shall be an Executive Director as an administrative chief of the Institute to perform the daily function and the Board shall appoint Executive Director from among the persons who have obtained at least a Masters degree and an experience in the field of industrial business.
- (2) The tenure of office of the Executive Director shall be Four years and he/she shall be eligible for reappointment not exceeding Four years.
- (3) The remuneration, condition of service and facility of the Executive Director shall be as prescribed.
10. **Functions, duties and powers of the Executive Director:** (1) The functions, duties and powers of the Executive Director shall be as follows;
- (a) To implement or cause to implement the decision and directives of the Board.
  - (b) To prepare the long-term and short term plan, annual programme and budget of the Institute.
  - (c) To implement or cause to implement the plan and project approved by the Board.
  - (d) To release approved amount of budget.
  - (f) To perform other necessary functions as the administrative chief of the Institute.
  - (g) Save as provided in Sub-section (1), other functions, duties and powers of the Executive Director shall be as proscribed.

11. **Provision relating to employee:** (1) The Board shall have power to appoint advisors, experts, trainers, officers and assistant staffs, as may be required, in order to smoothly perform the function of the Institute
- (2) The remuneration, facility and the condition of service of advisors, experts, trainers, officers and assistant staffs appointed pursuant to Sub-section (1) shall be as prescribed.

## **Chapter - 5**

### **Fund and audit**

12. **Fund of the institute:** (1) The Institute shall have its own separate Fund.
- (2) The following money shall be deposited on the Fund as referred to in Sub-section (1).
- (a) Money obtained from the Government of Nepal.
  - (b) The amount obtained from foreign government or national or international organization or institution as assistance, grant or loan.
  - (c) The amount obtained from the consultation, training or other services provided by the institute.
  - (d) The amount obtained from national or foreign organization, institution or person as donation or gift.
  - (e) The amount obtained by the Institute from any other sources.
- (3) All the expenditure to be made by the institute shall be charged on the fund pursuant to sub-section (1).
- (4) The operation of the Fund of the institute shall be as prescribed.

13. **Account and Audit:** (1) The account of the institute shall be maintained in the manner as prescribed.

(2) The account of the institute shall be audited by the auditor designated by the Auditor-General.

## **Chapter – 6**

### **Miscellaneous**

14. **Sub-committees may be constituted:** (1) The Board may constitute Sub-committees, as may be required, in order to perform its function.

(2) The functions, duties, powers and procedures of the Sub-committees constituted pursuant to Sub-section (1) shall be as prescribed.

15. **Annual report:** (1) The Executive Director shall, every year, submit an annual report of the Institute to the Board within Three months from the end of the fiscal year and shall also provide a copy of such report to the Government of Nepal.

(2) Every year the annual report of the institute shall be published for public.

16. **Delegation of powers:** (1) The Board may, as per necessity, delegate all or any of its powers conferred on it to a sub-committee of members or a member of the Board or the Executive Director.

(2) Executive Director may, as per necessity, delegate all or any of his/her powers conferred on him/her to an employee of the Institute.

17. **Meeting allowances:** Member shall receive meeting allowances as prescribed for taking part in meeting of the Board.

18. **Liaison with the Government of Nepal:** The Institute shall liaise with the Government of Nepal through the Ministry of Industry.

19. **Power to frame Rules and Bye-laws:** (1) For carrying out the objectives of this Act, the Board shall have power to frame necessary Rules and such Rules shall come into force after being approved by the Government of Nepal.

(2) The institute shall have power to frame necessary Bye-laws under this Act and Rules framed hereunder to perform its functions and such Bye-laws shall come into force after being approved by the Board.

20. **Repeal and saving:** (1) Industrial Enterprise Development Board (constitution) Order, 2052 is hereby repealed and entire movable and immovable property of the Board constituted under such order shall be transferred to the institute.

(2) The contract and agreement concluded with the Board constituted under the Order pursuant to Sub-section (1) shall be deemed to have been concluded with the institute and the action done and the process initiated by the Board shall be deemed to have been done or initiated by the institute.