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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF LAW AND JUSTICE
(Legislative Department)

New Delhi, the 15th May, 1987/Vaisakha 25, 1909 (Saka)

The following Act of Parliament received the assent of the President on the 15th May, 1987, and is hereby published for general information:—

THE KHADI AND VILLAGE INDUSTRIES COMMISSION (AMENDMENT) ACT, 1987

No. 12 OF 1987

[*15th May, 1987.*]

An Act further to amend the Khadi and Village Industries Commission Act, 1956

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

Short title and commencement.

1. (*1*) This Act may be called the Khadi and Village Industries Commission (Amendment) Act, 1987.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

Amendment of section 2.

61 of 1996.

2. In section 2 of the Khadi and Village Industries Commission Act, 1956 (hereinafter referred to as the principal Act),—

(*a*) after clause (*c*), the following clause shall be inserted, namely:—

'(*cc*) "fixed capital investment" includes investment in plant and machinery and land and building of an industry;';

(*b*) in clause (*e*), the words "and the vice-chairman" shall be omitted;

(*c*) after clause (*f*), the following clause shall be inserted, namely:—

'(*ff*) "rural area" means the area comprised in any village, and includes the area comprised in any town, the population of which does not exceed ten thousand or such other figure as the Central Government may specify from time to time;';

(*d*) clause (*g*) shall be omitted;

(*e*) clause (*gg*) shall be omitted;

(*f*) for clause (*h*), the following clause shall be substituted, namely:—

'(*h*) "village industry" means,—

(*i*) any industry located in a rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed fifteen thousand rupees or such other sum as may, by notification in the Official Gazette, be specified from time to time by the Central Government:

Provided that any industry specified in the Schedule and located in an area other than a rural area and recognised as a village industry at any time before the commencement of the Khadi and Village Industries Commission (Amendment) Act, 1987 shall, notwithstanding anything contained in this sub-clause, continue to be a village industry under this Act;

(*ii*) any other non-manufacturing unit established for the sole purpose of promoting, maintaining, assisting, servicing (including mother units) or managing any village industry;'.

Omission of section 3.

3. Section 3 of the principal Act shall be omitted.

Amendment of section 4.

4. In section 4 of the principal Act, for sub-sections (*2*) and (*3*), the following sub-sections shall be substituted, namely:—

"(*2*) The Commission shall consist of the following members appointed by the Central Government, namely:—

(*a*) six non-official members having specialised knowledge and experience of khadi and village industries and representing such six geographical zones of the country, as may be prescribed;

(*b*) two non-official members having expert knowledge and experience in one or more of the following disciplines, namely:—

Economics, Planning, Rural Development, Science and Technology or Technical Education and Training;

(c) one Financial Adviser, who shall also be the Chief Accounts Officer of the Commission, *ex-officio;* and

(*d*) a Chief Executive Officer, *ex-officio:*

Provided that the *ex-officio* members shall not have the right to vote in any of the matters discussed at a meeting of the Commission.

(*3*) The Central Government may appoint one of the members appointed under clause (*a*) of sub-section (*2*) to be the chairman who shall be a full-time member.".

Substitution of new sections for sections 5 and 6.

5. For sections 5 and 6 of the principal Act, the following sections shall be substituted, namely:—

Powers and functions of the Chief Executive Officer.

"5. (*1*) The Chief Executive Officer appointed under clause (*d*) of sub-section (*2*) of section 4 shall exercise powers of general superintendence over the affairs of the Commission and its day-to-day management under the direction and control of the chairman.

(*2*) The Chief Executive Officer shall be responsible for the furnishing of all returns, reports and statements required to be furnished to the Central Government under section 24.

(*3*) It shall be the duty of the Chief Executive Officer to place before the Commission for its consideration and decision any matter of financial import if the Financial Adviser suggests to him in writing that such matter be placed before the Commission.

Powers and functions of the Financial Adviser.

5A. The Financial Adviser appointed under clause (c) of sub-section (*2*) of section 4 shall be in charge of all financial matters of the Commission including its budget, accounts and audit and it shall be the duty of the Financial Adviser to bring to the notice of the Commission through the Chief Executive Officer any matter of financial import, which, in his opinion, requires consideration and decision by the Commission.

Disqualifications for membership of the Commission.

6. A person shall be disqualified for being appointed as, and for being, a member of the Commission—

(*a*) if he is, or is found to be a lunatic or a person of unsound mind; or

(*b*) if he has been adjudged insolvent; or

(c) if he has been convicted of an offence involving moral turpitude; or

(*d*) if he has any financial interest in any subsisting contract made with or in any work being done by the Commission, except as a shareholder (other than a Director), in a company as defined in section 3 of the Companies Act, 1956:

1 of 1956.

Provided that where he is a shareholder, he shall disclose to the Central Government, the nature and extent of shares held by him in such a company; or

(*e*) if he has any financial interest in any business undertaking dealing with or any other village industry specified or deemed to be specified in the Schedule to the Act

Removal of Chairman, Member, etc., from the Commission.

6A. The Central Government may, by notification in the Official Gazette, remove from office any member of the Commission who—

(*a*) is or becomes subject to any of the disqualifications mentioned in section 6; or

(*b*) in the opinion of the Central Government has failed or is unable to carry out his duties; or

(*c*) absents himself from three consecutive meetings of the Commission without the leave of the Commission:

Provided that before issuing any such notification, the Central Government shall give an opportunity to the member concerned to show cause against such removal.".

Amendment of section 12.

6. In section 12 of the principal Act, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) The chairman or, in his absence, any member (other than an *ex-officio* member) chosen by the members present from among themselves, shall preside at a meeting of the Commission.".

Substitution of new section for section 13.

7. For section 13 of the principal Act, the following section shall be substituted, namely:—

Term of office and conditions of service of the chairman and other members.

"13. (*1*) Every member of the Commission, other than an *ex-officio* member, shall hold office for a term of five years:

Provided that the chairman shall, notwithstanding the expiration of his term, continue to hold office until his successor enters upon his office.

(*2*) The terms and conditions of service of the chairman, Chief Executive Officer, Financial Adviser and other members shall be such as may be prescribed.".

Amendment of section 14.

8. In section 14 of the principal Act,—

(*a*) sub-section (*1*) shall be omitted;

(*b*) in sub-section (*2*), the brackets and figure "(*2*)" and the proviso shall be omitted.

Substitution of new section for section 15.

9. For section 15 of the principal Act, the following section shall be substituted, namely:—

Functions of the Commission.

"15. (*1*) Subject to the provisions of this Act, the functions of the Commission shall generally be to plan, promote, organise and assist in the establishment and development of khadi and village industries in the rural area in coordination with other agencies engaged in rural development wherever necessary.

(2) In particular, and without prejudice to the generality of the foregoing power, the Commission may take such other steps as it may think fit,—

(*a*) to plan and organise training of persons employed or desirous of seeking employment in khadi and village industries;

(*b*) to build up reserves of raw materials and implements and supply them to persons engaged or likely to be engaged in production of handspun yarn or khadi or village industries at such rates as the Commission may decide;

(*c*) to encourage and assist in the creation of common service facilities for the processing of raw materials or semi-finished goods and for otherwise facilitating production and marketing of khadi or products of village industries;

(*d*) to promote the sale and marketing of khadi or products of village industries or handicrafts and for this purpose forge links with established marketing agencies wherever necessary and feasible;

(*e*) to encourage and promote research in the technology used in khadi and village industries, including the use of non-conventional energy and electric power with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and to arrange for dissemination of salient results obtained from such research;

(*f*) to undertake directly or through other agencies studies of the problems of khadi or village industries;

(*g*) to provide financial assistance to institutions or persons engaged in the development and operation of khadi or village industries and guide them through supply of designs, prototypes and other technical information for the purpose of producing goods and services for which there is effective demand in the opinion of the Commission;

(*h*) to undertake experiments or pilot projects which in the opinion of the Commission are necessary for the development of khadi and village industries;

(*i*) to establish and maintain separate organisations for the purpose of carrying out any or all of the above matters;

(*j*) to promote and encourage cooperative efforts among the manufacturers of khadi or persons engaged in village industries;

(*k*) to ensure genuineness and to set up standards of quality and ensure that products of khadi and village industries do conform to the said standards, including issue of certificates or letters of recognition to the concerned persons; and

(*l*) to carry out any other matters incidental to the above.".

Amendment of section 17A.

10. In section 17A of the principal Act, for the words "or the development of village industries", the words "the development of village industries or the development of khadi and village industries" shall be substituted.

Amendment of section 18.

11. In section 18 of the principal Act, for sub-sections (*1*), (*1A*) and (*1B*), the following sub-sections shall be substituted, namely:—

"(*1*) The Commission shall have three separate funds to be called the khadi fund, the village industries fund and the general and miscellaneous fund.

(*1A*) There shall be credited,—

(*a*) to the khadi fund, all sums received by the Commission for the purposes relating to khadi;

(*b*) to the village industries fund, all sums received by the Commission for the purposes relating to village industries and products of handicrafts;

(*c*) to the general and miscellaneous fund, all other sums received by the Commission:

Provided that if the amount available in any of the said funds is in excess of the requirements of that fund and the amount available in any other of the said funds is insufficient to meet the requirements of that fund, the Commission may, with the previous approval of the Central Government, transfer from the first mentioned fund the excess amount or such part thereof as may be necessary to the other fund.

Explanation.—For the purpose of computing the amount in any of the said funds, the amount received under section 17A shall not be taken into account.

(*1B*) The sums credited under sub-section (*1*),—

(*a*) to the khadi fund, shall be applied for the purposes relating to khadi;

(*b*) to the village industries fund, shall be applied for the purposes relating to village industries and products of handicrafts;

(*c*) to the general and miscellaneous fund, shall be applied for the purposes relating to khadi and village industries and for meeting the salary, allowances and other remuneration of the members, officers and other employees of the Commission and other administrative expenses of the Commission.".

Amendment of section 19A.

12. In section 19A of the principal Act, in sub-section (*1*), for the words "two funds", the words "three funds" shall be substituted.

Amendment of section 20.

13. In section 20 of the principal Act,—

(*a*) in sub-section (*1*),—

(*i*) for the words "two separate budgets", the words "three separate budgets" shall be substituted;

(*ii*) for the words "and the village industries budget", the words ", the village industries budget and the general and miscellaneous budget" shall be substituted;

(*iii*) for the words "and village industries respectively", the words ", village industries and products of handicrafts and khadi and village industries respectively" shall be substituted;

(*b*) for sub-section (*3*), the following sub-section shall be substituted, namely:—

'(*3*) The Commission may within the respective limits of the khadi budget, the village industries budget and the general and miscellaneous budget, sanction any reappropriation from one head of expenditure to another or from a provision made for one scheme to that in respect of another, but subject to the proviso to sub-section (*1*) of section 18, in no case shall a reappropriation of fund be made from one budget to any of the other two budgets:

Provided that no reappropriation from the head "Loan" to any other head of expenditure and *vice versa* in any of the budgets shall be sanctioned by the Commission, except with the previous approval of the Central Government.';

(c) in sub-section (*4*), for the words "either budget", the words "the budget" shall be substituted.

Amendment of section 26.

14. In section 26 of the principal Act,—

(*a*) in sub-section (*2*),—

(*i*) for clause (*a*), the following clause shall be substituted, namely:—

"(*a*) the manner of filling casual vacancies among the members of the Commission and the terms and conditions of service of the chairman, the Chief Executive Officer, the Financial Adviser and other members of the Commission including the salary and allowances to be paid to them and the travelling and daily allowances to be drawn by them when they are on tour;";

(*ii*) in clause (*b*), the words "the disqualifications for membership of the Commission and" shall be omitted;

(*iii*) clause (*cc*) and clause (*d*) shall be omitted;

(*b*) sub-section (*3*) shall be omitted.

Amendment of section 27.

15. In section 27 of the principal Act,—

(*a*) in sub-section (*2*), in clauses (*a*) and (*c*), for the words "the Secretary", the words "the Chief Executive Officer" shall be substituted; and

(*b*) after sub-section (*2*), the following sub-section shall be inserted and shall be deemed always to have been inserted, namely:—

"(*2A*) The power to make regulations under this section with respect to the terms and conditions of service and the scales of pay and pension to be paid to the employees of the Commission

shall include the power to give retrospective effect from a date not earlier than the commencement of this Act, to such regulations or any of them but no retrospective effect shall be given to any such regulation so as to prejudicially affect the interest of any person to whom such regulation may be applicable.".

Insertion of new section 28.

16. In the principal Act, after section 27, the following section shall be inserted, namely:—

Rules and regulations to be laid before Parliament.

"28. Every rule 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 rule or regulation or both Houses agree that the rule or regulation should not be made, the rule 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 rule or regulation.".

Amendment of the Schedule.

17. In the Schedule to the principal Act, for the heading "[*See* sections 2(*h*) and 3(*l*)]", the heading "[*See* section 2(*h*)]" shall be substituted.

S. RAMAIAH,
Secy. to the Govt. of India.

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