

THE UTTAR PRADESH KHADI AND VILLAGE INDUSTRIES
BOARD ACT, 1960¹

[U. P. ACT NO. X of 1960]

Amended by

U. P. Act No. XXIV of 1966

U. P. Act No. XIV of 1975

U. P. Act No. XXXIX of 1976

U. P. Act No. 11 of 1983

U. P. Act No. 15 of 1992

U. P. Act No. 09 of 2008

[Passed in Hindi by the Uttar Pradesh Legislative Assembly
on April 7, 1960, and by the Uttar Pradesh Legislative Council on
April 12, 1960.

Received the assent of the Governor on April 22, 1960,
under Article 200 of the Constitution of India and was published in
the *Uttar Pradesh Gazette Extraordinary*, dated April 26, 1960.]

AN

ACT

*to provide for the establishment of a Board for the
development of Khadi and Village Industries in Uttar Pradesh and
matters connected therewith.*

It is hereby enacted in the Eleventh Year of the Republic of India
as follows :—

CHAPTER — I

PRELIMINARY

**Short title,
extent and
commencement**

1. (1) This Act may be called the Uttar Pradesh Khadi and
Village Industries Board Act, 1960.

(2) It extends to the whole of Uttar Pradesh.

(3) This section shall come into force at once and the remaining
provisions of the Act, shall come into force on such date as the State
Government may, by notification² in the official *Gazette*, appoint in this
behalf.

Definitions

2. In this Act, unless there is anything repugnant in the subject
or context, —

(i) “Board” means the Uttar Pradesh Khadi and Village
Industries Board established under section 4 ;

1. For Statement of Objects and Reasons see *Uttar Pradesh Gazette Extraordinary*, dated April 8, 1960.

2. Remaining provisions of the Act came into force with effect from September 14, 1960, *Vide* Industries (A)
Department notification no. 2984 (9)-18-A—457-60, dated September 14, 1966.

(ii) “Chairman” means the Chairman of the Board ;

¹[(ii-a) “Chief Executive Officer” and “Additional Chief Executive Officer” means respectively the Chief Executive Officer and the Additional Chief Executive Officer of the Board appointed under section 10 ;]

² [(ii-b) “Finance Advisor” and “Accounts Officer” means respectively the Financial Advisor and Accounts Officer of the Board appointed under section 10 ;]

(iii) “Khadi” means any cloth woven on handlooms in India from cotton, silk or woolen yarn hand-spun in India or from a mixture of any two or all of such yarns ;

(iv) “Member” means a member of the Board and includes its Chairman ;

(v) “Prescribed” means prescribed by rules made under this Act;

(vi) “Regulations” means regulations made under section 37 ;

(vii) ³[* * * *]

⁴[(vii-a) “Vice-Chairman” means Vice-Chairman of the Board ;
⁵[and]

(viii) “Village industries” means all or any of the industries specified in the Schedule and includes any other industry deemed to be specified in the Schedule by reason of a notification under section 3.

**Power to add
to the
Schedule**

3. (1) The State Government may, on its own motion or on the recommendation of the Board, declare by notification in the official *Gazette*, any other industry to be a village industry to which this Act applies, and thereupon the industry so declared shall be deemed to be an industry specified in the Schedule for the purpose of this Act.

(2) A copy of every notification issued under sub-section (1) shall be laid before each House of the State Legislature, as soon as may be, after it is issued.

CHAPTER — II

ESTABLISHMENT OF THE BOARD

**Establishment
of the Board**

4. There shall be established, by notification in the official *Gazette*, a Board, to be called the Uttar Pradesh Khadi and Village Industries Board, which shall be a body corporate having perpetual

1. *Subs.* by sec. 2 of U. P. Act No. 15 of 1992.

2. *Ins.* by sec. 2 (a) of U. P. Act No. 11 of 1983. (ii(a) and ii(b) added) w.e.f. July 24, 1982.

3. *Omit.* by sec. 2(b) of U. P. Act No. 11 of 1983

4. *Ins.* by sec. 2 of U.P. Act No. XXIV of 1966 ‘and’ word at the end deleted.

5. *Omit* by sec. 2 of U.P. Act No. XXIV of 1966.

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 may, by the said name, sue and be sued.

**Constitution of
the Board**

¹ [5. (1) The Board shall consist of the following members, namely :—

(A) *Official members* :—

(i) Minister Incharge of Khadi and Village Industries in the State Government, who shall be the Chairman ;

(ii) Director of Industries, Uttar Pradesh or his nominee not below the rank of a Joint Director ;

² [(iii) Secretary to the Government of Uttar Pradesh incharge of Khadi and Village Industries, or his nominee not below the rank of a Deputy Secretary ;]

(iv) Secretary to the Government of Uttar Pradesh in the Finance Department or his nominee not below the rank of a Deputy Secretary ;

(v) Secretary to the Government of Uttar Pradesh in Rural Development Department or his nominee not below the rank of a Deputy Secretary.

³ [(v-a) Secretary to the Government of Uttar Pradesh in the Planning Department or his nominee not below the rank of a Deputy Secretary ;

³ [(v-b) Chief Executive Officer or, if he is already a member of the Board in another capacity, the Additional Chief Executive Officer ;]

(B) *Non-official members* :—

(vi) Seven non-official members to be appointed by the State Government from amongst persons who in its opinion are qualified as having had experience and shown capacity in matters relating to development of Khadi and Village Industries.

⁴ [(2) The State Government shall appoint a Vice-Chairman from amongst non-official members.]

(3) The appointment of every non-official member shall be notified in the *Gazette*.]

**Disqualification
for being
member**

⁵ [6. A person shall be disqualified for being chosen as or for being a member of the Board if he —

1. *Subs.* by sec. 3 of U. P. Act No. 11 of 1983.

2. *Subs.* by sec. 3(a) of U. P. Act No. 15 of 1992.

3. *Ins.* by sec. 3(b) of U. P. Act No. 15 of 1992.

4. *Subs.* by sec. 2 of U. P. Act No. 09 of 2008.

5. *Subs.* by sec. 3 of U.P. Act No. XIV, 1975.

¹[(a) has been convicted of an offence which in the opinion of the State Government involves moral turpitude ; or

(b) is an undischarged insolvent ; or

(c) is of unsound mind and has been so declared by a competent court ; or

(d) holds, except as provided in sub-section (2) of section 12, any office of profit under the Board ; or

(e) has directly or indirectly by himself or by any partner employer or employee, any share or interest, whether pecuniary or of any other nature, in any contract or employment with by or on behalf of the Board ; or

(f) if a Director or a Secretary, Manager, or other officer of any company or co-operative or other society which has any share or interest in any contract or employment with, by or on behalf of the Board.

Explanation— A person shall not be deemed to have any share or interest in any contract or employment with, by or on behalf of the Board by reason only of his being a share-holder of a company or co-operative or other society which has such share or interest.

**Term of office
of non-official
members**

6-A. (1) A non-official member of the Board shall hold office for a period of ²[one year] unless his term is determined earlier by the State Government by notification in the *Gazette* :

Provided that the State Government may, from time to time, by notification in the *Gazette*, extend the term of office of such member by a period not exceeding one year in the aggregate.

(2) The term of the office of the Vice-Chairman shall be co-terminus with the term of his office as a non-official member under sub-section (1).

(3) The Vice-Chairman or non-official member may at any time, by writing under his hand, addressed to the State Government resign his office, and on such resignation being accepted he shall be deemed to have vacated his office.

(4) A casual vacancy in the office of Vice-Chairman or a non-official member shall be filled by fresh appointment by the State Government and the Vice-Chairman or other member so appointed shall hold office for the remainder of the term of the Vice-Chairman or member in whose place he is appointed.

**Appointment
of
Administrator
in certain
cases**

6-B. Where the term of office or the extended term of office of all non-official members expires or is determined earlier, and no new non-official members are appointed in their place, then until the appointment of new non-official members —¹

1. Subs. by sec. 3 of U.P. Act No. XIV of 1975.

2. Subs. by sec. 3 of U. P. Act No. 09 of 2008.

¹[(a) all functions and duties of the Board, its Chairman, Vice-Chairman and committees shall be vested in and be performed and discharged subject to the control of State Government, by an officer appointed in that behalf by the State Government (hereinafter referred to as the Administrator), and the Administrator shall be deemed in law to be the Board, the Chairman or the committee, as the occasion may require ;

(b) such salary and allowances, if any, of the Administrator as the State Government may, by general or special order in that behalf, fix shall be paid out of the fund of the Board ;

(c) the State Government may constitute a committee or other body to advise the Administrator or to perform such of the functions and duties of the Board as it may specify in that behalf.]¹

**Meetings of
the Board**

7. (1) The Board shall meet at such time and places and shall, subject to the provisions of sub-sections (2) and (3), observe such procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made under this Act.

²[(2) The Chairman or in his absence, the Vice-Chairman or in the absence of both, such other person as may be chosen by the members present from amongst themselves, shall preside at the meetings of the Board.]

(3) All question at a meeting of the Board shall be decided by a majority of votes of the members present and voting and in the case of equality of votes, ³[the person presiding] shall have a second or casting vote.]

⁴[(4) The Chairman may invite any person to attend a meeting of the Board for the purpose of advising or assisting the Board on any matter. The person so invited may take part in the discussions of the Board but shall have no right of vote.]

**Vacancies
amongst
members or
defects in
the
constitution
of the Board
not to
invalidate
acts or
proceedings
of the Board**

8. No act or proceeding of the Board shall be deemed to be invalid by reason merely of any vacancy in or any defect in the constitution of the Board.

**Office of the
Board**

⁵[**9.** The office of the Board shall be located at a place to be notified by the State Government in the official *Gazette* and shall, until

1. *Subs. by sec. 3 of U. P. Act No. XIV of 1975.*

2. *Subs. by sec. 5 (a) of U. P. Act No. XXIV of 1966.*

3. *Subs. by sec. 5 (b) ibid.*

4. *Added by sec. 5 (c) ibid.*

5. *Subs. by sec. 6 of U.P. Act No. XXIV of 1966.*

so notified, continue to be located at Kanpur.]

**Officers and
employees of
the Board.**

¹[**10.** (1) The State Government shall, on such terms and conditions as it may by general or special order specify in this behalf, appoint such person, including a Government servant, as it deems fit, as—

(a) Chief Executive Officer,

²[(aa) Additional Chief Executive Officer.]

(b) a Financial Advisor, and

(c) an Accounts Officer.

(2) The Accounts Officer shall be appointed in consultation with the Board.

(3) The Board may, in accordance with the regulations made in this behalf, appoint such other officers and employees as it thinks fit.]

**Powers and
duties of the
Chief
Executive
Officer,
Financial
Advisor and
the Accounts
Officer.**

³[**11.** (1) The Chief Executive Officer shall exercise the following powers and perform the following duties, namely :—

(a) to control all administrative work ;

(b) to implement the policies and programmes of the Board ;

(c) to call meetings of the Board in consultation with the Chairman, to prepare minutes thereof and to cause decisions taken therein to be implemented ;

(d) to make entries in the character rolls of the subordinate officers and employees of the Board ;

(e) to execute contracts and assurance of property on behalf of the Board ;

(f) to cause to be prepared reports, returns and other information required by the Act and the rules or asked for by the State Government and the Khadi and Village Industries Commission ;

(g) to operate the Bank accounts of the Board ;

(h) to cause annual reports under sub-section (2) of section 29 to be prepared and submitted to the Board ;

(i) to exercise such other powers and perform such other duties as may be prescribed.

(2) The Financial Advisor and the Accounts Officer shall have such powers and perform such duties as may be prescribed.]

1. Subs. by sec. 4 of U. P. Act No. 11 of 1983.

2. Ins. by sec. 4 of U. P. Act No. 15 of 1992.

3. Subs. by sec. 5 of U. P. Act No. 11 of 1983.

Terms and conditions of service of employees of the Board and terms of office of its members

12. (1) The terms and conditions of service of the ¹[officers and employees of the Board appointed under ¹[sub-section (3)] of ²[section 10] shall be such as may be provided by regulations made in this behalf.

³[(2) The Vice-Chairman shall be paid remuneration, and other non-official members shall be entitled to travelling and daily allowance from the Board in accordance with such general or special orders as the State Government may, from time to time, issue in that behalf.]

Authentication of instruments or orders of the Board.

⁴[**13.** Every contract and assurance of property on behalf of the Board shall be in writing and executed by the Chief Executive Officer in such manner as may be prescribed and every order or decision of the Board shall be authenticated by the Vice-Chairman or the Chief Executive Officer or such other member or officer as may be authorized by the Board in this behalf.]

14. ⁵[X X X]

CHAPTER — III

FUNCTIONS OF THE BOARD

Functions of the Board

15. (1) Subject to the provisions of this Act, the functions of the Board shall generally be to plan, organize, develop and regulate khadi and village industries ⁶[and to implement the schemes formulated by it, for that purpose.]

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

(a) to plan and organize the training of persons engaged or interested in the production of khadi or in village industries ;

(b) to build up a reserve of raw materials and implements and to supply them to persons engaged in the production of khadi or in village industries at such economical rates as may be suitable in the opinion of the Board ;

(c) to provide for sale, publicity and marketing of khadi and products of village industries ;

(d) to encourage and promote research in the technique of production of khadi and development of village industries, or to provide facilities for study of the problems relating to khadi or village industries ;

1. *Subs.* by sec. 9 (a) for (employees of the Board) of U.P. Act No. XXIV of 1966.

2. *Subs.* by sec. 6 of U. P. Act No. 11 of 1983.

3. *Subs.* by sec. 4 of U. P. Act No. 14 of 1975.

4. *Subs.* by sec. 7 of U. P. Act No. 11 of 1983.

5. *Omit.* by sec. 11 of U. P. Act No. 24 of 1966.

6. *Ins.* by sec. 12 of U.P. Act No. 24 of 1966.

(e) to maintain, or assist in the maintenance of, institutions for the development of khadi or village industries ;

(f) to undertake, assist or encourage the production of khadi or the development of village industries ;

(g) to promote and encourage co-operative effort among manufacturers of khadi and/or persons engaged in village industries ;

(h) to secure co-ordination between individuals and institutions, including co-operative societies, engaged in the work of khadi and village industries ; and

(i) to carry out any other matter which may be prescribed.

**Limitations on
the functions of
the Board**

16. (1) In the discharge of its functions under this Act, the Board shall be bound by such directions as the State Government may give to it.

(2) The Board shall not dispose or acquire immovable property, except with the prior approval in writing of the State Government.

CHAPTER — IV

**PREPARATION AND SUBMISSION OF PROGRAMMES AND SCHEMES AND
FINANCIAL STATEMENTS (BUDGET)**

**Formulation
and submission
of programme
and scheme**

17. It shall be the duty of the Board to formulate programmes of work and schemes for implementation in a financial year, and submit the same to the State Government in such forms and containing such particulars and by such date or dates as may be prescribed.

**Supplementary
programmes
and schemes**

18. The Board may prepare supplementary programmes and schemes and submit the same to the Government in such forms and containing such particulars, as may be prescribed.

**Sanction of
programmes
and schemes**

19. The State Government may approve in whole, or with such modifications as it deems fit, the programme or the schemes or the supplementary programmes or the supplementary schemes submitted under section 17 or section 18, as the case may be, and the programmes or schemes so approved, shall be the programmes or the schemes for the year or period for which the same were made.

**Implementation
of programmes
and schemes**

20. On receipt of the sanction of the State Government to the programmes or schemes or the supplementary programmes or the supplementary schemes, as the case may be, under section 19, the Board shall implement the same.

**Annual
financial
statement**

21. (1) The Board shall in respect of every financial year cause to be prepared a statement of the estimated receipts and expenditure of the Board for that year and cause it to be submitted to the State Government for its approval.

(2) The estimates of expenditure embodied in the annual financial statement shall show separately ;

(a) allowance of the ¹[Vice-Chairman] and other non-official members ;

(b) emoluments and allowances of ²[the officers and employees] of the Board and other expenditure relating to the office of the Board;

(c) debt charges for which the Board is liable including interest, sinking fund charges and redemption charges, and other expenditure relating to the borrowing of loans and the service and redemption of debt ;

(d) any sums required to satisfy any judgement, decree or award of any court or tribunal ;

(e) any sums required for implementation of programmes and schemes of the Board ; and

(f) any other expenditure, as may be prescribed for the purposes of this Act.

**Supplementary
financial
statement**

22. The Board shall, where the amount authorized by the annual financial statement to be expended for a particular service, programme or scheme for the current financial year, approved by the State Government is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary expenditure upon some new service, programme or scheme not contemplated in the annual financial statement for the year, cause to be prepared, another statement showing the estimated amount of that expenditure and cause it to be submitted to the State Government for its approval.

**Approval of
the State
Government
on annual and
supplementary
financial
statement**

23. (1) The State Government may approve an annual financial statement or the supplementary financial statement, submitted under section 21 or section 22, as the case may be, in whole or with such modifications as it deems fit.

(2) The annual financial statement or the supplementary financial statement, so approved by the State Government shall be “the annual financial statement” or “the supplementary financial statement” of the Board for that year.

**Power of the
Board to spend**

24. Subject to the provisions of section 25 the Board shall have power to spend such sums as it thinks fit on purposes authorized by this Act.

**Limitations on
the Power of
the Board to
spend**

25. (1) Subject to the provisions of sub-sections (2) and (3), no sum shall be expended by or on behalf of the board, except in accordance with the annual financial statement, the supplementary financial statement, as the case may be, approved by the State Government under section 23.

1. Subs. by sec. 13 (i) of U. P. Act No. XXIV of 1966.

2. Subs. by sec. 13 (ii) for “the employers” of U.P. Act No. XXIV of 1966.

(2) The Board may, within the respective limits of the [annual financial statement or the supplementary financial statement, as the case may be, sanction, with the prior approval of the State Government, any re-appropriation from one head of expenditure to another or from provision made for one scheme to that in respect of another but in no case re-appropriation shall be made from the khadi account to the village industries account or from the village industries account to the khadi account.

(3) The Board may, within such limits and subject of such conditions as may be prescribed, incur expenditure in excess of the limit provided in the annual financial statement or the supplementary financial statement under any head of expenditure or in connection with any particular scheme falling under the same head, so long as the aggregate amount specified therein in respect of that head is not exceeded.

**Power to
write off
irrecoverable
amount**

¹[**25-A.** The Board may write off an amount due to it up to rupees one thousand in any individual case and up to rupees ten thousand in the aggregate in any financial year if, in its opinion, such amount is irrecoverable.]

CHAPTER — V

FINANCE, ACCOUNTS, AUDIT AND REPORTS

**Fund of the
Board**

²[**26.** (1) There shall be a Fund of the Board to which shall be credited all moneys received by, or on behalf of, the Board.

(2) All moneys belonging to the Fund of the Board shall be deposited in the Government Treasury under two separate personal ledger account to be called respectively, the 'Khadi Account' and the 'Village Industries Account' and also in any other similar accounts to be opened by the Board as and when necessary in respect of its different schemes.

(3) Subject to any rule so made in this behalf, the Board may from time to time withdraw from such personal ledger accounts, such amount as may be required for its purposes and may, if it thinks fit to so to do, credit any such amount in account with any Schedule Bank.]

**Acceptance
of gifts,
subventions,
etc. by Board**

27. The Board may, with the prior approval of the State Government, accept grants, subventions, donations and gifts.

**Subventions
and loans to
Board**

28. (1) The State Government may, from time to time, make subventions and grants to the Board for the purpose of this Act, on such terms and conditions as the State Government may impose in this behalf.

(2) Subject to the provisions of this Act and the rules made thereunder and such conditions as the State Government may impose

1. *Ins.* by sec. 14 of U. P. Act No. XXIV of 1966.

2. *Subs.* by sec. 8 of U. P. Act No. 11 of 1983.

in this behalf, the Board may, from time to time and with the previous sanction of the State Government, borrow on the security of the Khadi Account or the Village Industries Account or any other asset of the Board of otherwise any sum required for giving effect to the purposes of this Act.

Return and reports

29. (1) The Board shall furnish to the State Government at such time and in such form and manner as may be prescribed or as the State Government may direct, such returns and statements and such particulars in regard to any proposed or existing programme or scheme for the promotion and development of khadi and Village Industries, as the State Government may, from time to time, require.

(2) Without prejudice to the provisions of sub-section (1) the Board shall, as soon as possible after the end of each financial year, submit to the State Government a report, in such form and by such date as may be prescribed, giving a true and full account of its activities, policies and programmes during the previous financial year.

(3) A copy of the report received under sub-section (2) shall be laid before each House of the State Legislature.

Account and audit

30. (1) The Board shall cause to be maintained such books of accounts and other records in relation to its functions in such form and in such manner, as may be prescribed.

(2) The Board shall, as soon as may be after the closing of its annual accounts, prepare an annual statement of accounts in such form and in such manner as may be prescribed.

¹ [(3) The accounts of the Board shall be audited by the Accountant General, Uttar Pradesh, or any officer authorized by him in this behalf.]

(4) The annual statement of accounts of the Board together with the audit report thereon shall be submitted by the Board to the State Government for such action as it may think proper to be taken.

(5) A copy of the annual statement of accounts of the Board together with the audit report thereon received under sub-section (4) shall be laid before each House of the State Legislature.

CHAPTER — VI

MISCELLANEOUS

Committees of the Board

² [31. (1) For the purpose of exercising such power and performing such duties or discharging such functions as may be prescribed, the Board shall establish :—

(a) a Selection Committee ;

(b) a Finance Committee.

1. Subs. by sec. 15 of U. P. Act No. XXIV of 1966.

2. Subs. by sec. 9 of U. P. Act No. 11 of 1983.

¹ [(2) The Selection Committee shall consist of the following members ;

(a) Chief Executive Officer, who shall be the Chairman ;

(b) The Director of Industries, Uttar Pradesh, or his nominee not below the rank of a joint Director ;

(c) A representative of the State Directorate of the Khadi and Village Industries Commission ;

(d) Concerned Project Officer who shall be the Technical Advisor.

(3) The Finance Committee shall consist of the following members ;

(a) Chairman of the Board, (Chairman) ;

(b) Two non-official members of the Board to be nominated by the Chairman ;

(c) Secretary to the State Government in the Industries Department or his nominee not below the rank of a Deputy Secretary ;

(d) Secretary to the State Government in the Finance Department or his nominee not below the rank of a Deputy Secretary ;

(e) Chief Executive Officer ;

(f) Financial Advisor ;

(g) Accounts Officer, who shall be the Member-Secretary.

(4) The term of office of the non-official members of the Committees of the Board shall be such as may be prescribed.

(5) The members of the Committees of the Board shall draw travelling and daily allowance in accordance with such general or special orders as the State Government may issue in this behalf.

(6) Without prejudice to the generality of the provisions of sub-section (1), the Finance Committee shall perform the following functions and duties, namely :—

(a) to consider the demands for loans/grants and to take decision for sanction on the basis of the available budget ;

(b) to prepare budget estimates ;

(c) to scrutinize the financial progress, realization, certificate of utilization, etc.

(7) Upon the constitution of the Committees referred to in sub-section (1) every committee or sub-committee constituted under this Act, prior to the commencement of the Uttar Pradesh Khadi and Village Industries Board (Amendment) Act, 1982, shall cease to exist.

Delegation of powers and functions

31-A. The Board may, by general or special order, delegate either unconditionally or subject to such conditions including the]¹

1. Subs. by sec. 9 of U.P. Act No. 11 of 1983.

condition of review by itself as may be specified in the order, to the Vice-Chairman, Chief Executive Officer or any other Officer, such of its powers and functions under the Act as it thinks fit.]

**Advisory
Committee**

¹[31-B. (1) The State Government may, by notification in the Gazette, constitute an Advisory Committee to advise the Board on matters referred to it by the Board.

(2) The Advisory Committee shall consist of one representative from each Commissioner's Division in the State having interest in the field of Khadi and Village Industries.]

**Dissolution
of the Board**

²[32. (1) If the State Government is of opinion that Board has failed to carry out the functions under this Act, or that for any other reason it is not necessary to continue the Board, it may, by notification in the Gazette, dissolve the Board from such date as may be specified in the notification.

(2) Upon the publication of a notification under sub-section (1) dissolving the Board —

(a) the Chairman, the Vice-Chairman and all members of the Board shall, as from the date of dissolution, vacate their offices ;

(b) all the powers and functions which may by or under this Act be exercised and performed by or on behalf of the Board shall, as from the date of dissolution, be exercised and performed, subject to the control of the State Government by such single person or institution as it may specify in that behalf and all subsisting contracts, agreements and other instruments to which the Board is a party or which are in favour of the Board may be enforced or acted upon, and all pending suits, appeals and other legal proceedings by or against the Board may be continued, prosecuted or enforced, by or against the State Government or such person or institution, as the case may be ;

(c) the Fund of and other properties vested in the Board shall vest in the State Government ; and

(d) all liabilities, legally subsisting and enforceable against the Board, shall be enforceable against the State Government ³[* * *].

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the State Government may at any time, again establish a Board under section 4, thereupon —

(a) the powers and functions as well as the rights and liabilities in relation to contracts, agreements and other instruments, and suits, appeals and other legal proceedings referred to in clause (b) of sub-section (2) shall re-vest in the Board ;

(b) the fund and other properties referred to in clause (c) of

1. *Ins.* by sec. 31-A of U. P. Act No. 11 of 1983.

2. *Subs.* by sec. 8 of U.P. Act No. XIV of 1975.

3. *Omit.* by sec. 2 of U. P. Act No. XXXIX of 1976.

section (2) remaining with the State Government after meeting any liabilities referred to in clause (d) thereof shall re-vest in Board.]¹

33. 2[* * * *]

**Members and
Employees of
the Board to
be Public
Servants
Act XLV of
1860**

34. All members and employees of the Board shall be deemed when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code, 1860.

**Protection of
action taken
under this
Act**

35. No suit, prosecuting or other legal proceedings shall lie against any person for anything which is in good faith done or purported to be done under this Act.

**Recovery of
certain dues
as arrears of
land revenue**

³**[35-A.** Where any amount is recoverable by the Board on account of any loan or advance or grant made by it for the purpose of development of Khadi and village Industries, the same may without prejudice to any other remedy provided by law be recovered as arrears of land revenue.]

**Power to
make rules**

36. (1) The State Government may, after previous publication and by notification in the official Gazette, make rules for carrying out the purposes of this Act.

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

(a) 4[* * *]

(b) 4[* * *]

⁵[(c) the powers and duties of the Financial Advisor and Accounts Accounts Officer ;]

(d) the matters concerning the functions of the Board ;

(e) expenditures to be embodied in the annual financial statement ;

(f) the matters concerning the programmes and schemes of the Board ;

(g) the matters concerning the annual financial statement and the supplementary financial statement of the Board ;

⁵[(h) the submission of annual report under section 29.]

1. *Subs.* by sec. 8 of U. P. Act No. XIV of 1975.

2. *Omit.* by sec. 9 of U.P. Act No. XIV of 1975.

3. *Ins.* by sec. 17 of U. P. Act No. XXIV of 1966.

4. Clauses (a) and (b) *omit.* by sec. 18 (i) of U. P. Act no. XXIV of 1966.

5. *Subs.* by sec. 11 of U. P. Act No. 11 of 1983.

(i) the form and manner in which accounts and other records in relation to the functions of the Board shall be maintained under sub-section (1) of section 30 ;

(j) the preparation and submission of the annual statement of accounts under sub-section (2) of section 30 ;

(k) the procedure to be followed in removing a member under section 6 ;

(l) the procedure to be followed and the conditions to be observed in borrowing moneys under section 28 ;

(m) the conditions subject to which and the mode in which contracts may be entered into by or on behalf of the Board ; and

(n) any other matter which has to be or may be prescribed.

(3) All rules made under this Act shall, as soon as may be after they are made, be laid before each House of the State Legislature while it is in session, for a total period of fourteen days extending in its one session or more than one successive sessions and shall, unless some later date is appointed, take effect, from date of their publication in the official Gazette, subject to such modifications or annulments as the two houses of the Legislature may agree to make so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done thereunder.

**Power to
make
regulations**

37. (1) The Board may, with the previous sanction of the State Government, make regulations consistent with this Act, and the rules made thereunder and notify them in the official *Gazette*.

(2) In particular and without prejudice to the generality of the foregoing power, the Board may make regulations providing for —

(a) the procedure in regard to the transaction of business of the Board or of its Committees ;

¹[(b) the appointment and conditions of service of the persons referred to in sub-section (3) of section 10.]

(c) the matters relating to functions and duties of the employees fo the Board ;

(d) [* * *]²

(e) [* * *]²

(f) any other matter which has to be or may be provided for by regulations.

Saving

38. (1) Nothing in this Act shall apply or be deemed to apply to any industry, the control of which by the Union is declared by Parliament by law to be expedient in the public interest.

1. Subs. by sec. 12(a) of U. P. Act No. 11 of 1983.

2. Omit. by sec. 12(b) of U. P. Act No. 11 of 1983.

(2) The provision of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force relating to Khadi and Village Industries.

SCHEDULE

[See Sections 2 (viii) and 3 (1)]

1. Bee-Keeping.
2. Cottage match industry.
3. Cottage pottery industry.
4. Cottage soap industry.
5. Flaying, curing and tanning of hides and skins and ancillary industries connected with the same and cottage leather industry.
6. Ghani oil industry.
7. Hand-made paper.
8. Manufacture of cane-gur and khandsari.
9. Palm-gur making and other palm-products industries.
10. Processing of cereals and pulses.
11. Fiber other than coir.
12. Blacksmithy and carpentry (manufacturing and servicing not involving the use of power ; power may be used in the case of manufacture of Ambar Charkhas and their accessories).

