

THE MAHARASHTRA KHADI AND VILLAGE INDUSTRIES ACT*[Text as on 4th September 2025]*

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1. Adapted and modified by the Khadi and Village Industries Board (Bombay, Pune and East Khandesh).
2. Amended by Mah. 34 of 1962
3. Amended by Mah. 05 of 1964
4. Amended by Mah. 28 of 1965
5. Amended by Mah. 37 of 1975 (1-4-1976)
6. Amended by Mah. 55 of 1977 (1-10-1976)
7. Amended by Mah. 24 of 2012 (22-8-2012)
8. Amended by Mah. 21 of 2013

ACT NO. XIX OF 1960¹

[THE MAHARASHTRA KHADI AND VILLAGE INDUSTRIES ACT.]

[This Act received the assent of the President on 8th April 1960; assent was first published in the *Maharashtra Government Gazette*, Part IV, on the 11th April 1960.]
(Re-constitution) Order, 1961².

An Act to provide for the encouragement, organisation, development and regulation of Khadi and Village Industries in the State of Bombay and to constitute ³[a Board] to carry out the said objects.

WHEREAS it is expedient to provide for the encouragement, organisation, development and regulation of Khadi and Village Industries in the State of Bombay and to constitute ⁴[a Board] to carry out the said objects ⁵[and to provide for matters connected therewith]; It is hereby enacted in the eleventh Year of the Republic of India as follows :—

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.— (1) This Act may be called ⁶[the Maharashtra Khadi and Village Industries Act].

⁷[(2) It extends to the whole of the State of Maharashtra.]

(3) It shall come into force at once.

2. Definition.— In this Act, unless the context otherwise requires,—

⁸[(a) “Board” means the Maharashtra State Khadi and Village Industries Board constituted under this Act;]

⁹[(aa) “Chairman” means the Chairman of the Board;

(ab) “Commission” means the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956 (LXI of 1956);

(ac) “Council” means the Maharashtra State Khadi and Village Industries Council constituted under this Act;]

¹⁰[(ad) “cottage industry” means an industry, which is a cottage industry as defined in clause (b) of section 2 of the Maharashtra State-aid to Industries Act, 1960 (Mah. XVII of 1960);

(ae) “District Committee” means a Committee constituted for a District under section 7A;]

(b) “Khadi” means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns and certified as Khadi

¹¹[by the Commission; and includes ready-made garments made out of such cloth;]

¹ For Statement of Objects and Reasons, see *Bombay Government Gazette*, 1960, Part V, p. 32-33.

² This order was published in Government of India, Ministry of Home Affairs, Notification No. G.S.O. (F. 8/14/60-SR (R). 24), dated 11th December 1961.

³ These words were substituted for the words “one or more Boards” by Mah. 28 of 1965, s. 2 and s. 3(a).

⁴ These words were substituted for the words “one or more Boards” by Mah. 28 of 1965, s. 2 and s. 3(a).

⁵ These words were inserted by Mah. 28 of 1965, s. 3(b).

⁶ The short title was amended for “the Bombay khadi and village Industries Act, 1960” by Mah. 24 of 2012, s. 2, Schedule, entry 24, w.e.f. 1-5-1960.

⁷ Sub-section (2) was substituted by the Khadi and Village Industries Board (Bombay, Pune and East-Khandesh) (Re-constitution) Order, 1961.

⁸ Clause (a) was substituted by Mah. 28 of 1965, s. 4(a).

⁹ These clauses were inserted by Mah. 28 of 1965, s. 4(b).

¹⁰ Clause (ad) and (ae) were inserted by Mah. 55 of 1977, s. 2(a).

¹¹ These words were substitute for the words and figures “by the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956” by Mah. 28 of 1965, s. 4(c).

¹[(c) “member” means a member of the Board and includes the Chairman, the Vice-Chairman and a member-secretary or member-secretaries of the Board;

(ca) “member-secretary” means member-secretary of the Board;]

(d) “prescribed” means prescribed by rules made or deemed to be made under this Act;

(e) “regulation” means regulations made or deemed to be made under this Act;

²[(ea) “small scale industry” means an industry, which is a small scale industry as defined in clause (e) of section 2 of the Maharashtra State-aid to Industries Act, 1960 (Mah. XVII of 1960);]

³[(ee) “Vice-Chairman” means the Vice-Chairman of the Board;]

⁴[(f) “village industry” means—

(i) all or any of the industries specified in schedule to the Khadi and Village Industries Commission Act, 1956 (LXI of 1956), and includes any other industry deemed to be specified in the said Schedule by reason of a notification issued under section 3 of that Act; or

⁵[(ia) any cottage industry, small scale industry or handicraft industry; or]

(ii) any other industry, specified in this behalf by the State Government by notification in the *Official Gazette*, in consultation with the Commission and Board.]

CHAPTER II

ESTABLISHMENT, INCORPORATION AND CONSTITUTION OF THE BOARD ⁶[* *]

3. Establishment and incorporation of Board.— ⁷[(1) The State Government may, by notification in the *Official Gazette*, establish a Board for the whole State to be called the Maharashtra State Khadi and Village Industries Board];

(2) ⁸[The Board] shall be a body corporate having perpetual succession and a common seal and may sue and be sued in its corporate name and shall be competent to acquire, hold and dispose of property both movable and immovable and to contract and do all things necessary for the purposes of this Act.

4. Constitution of Board.— ⁹[(1) The Board shall consist of not less than five, and not more than seven members as the State Government may appoint. The members shall be chosen from among person who, in the opinion of the State Government, are qualified as having had experience and shown capacity, in matters relating to the development of khadi and village industries, and shall hold office during the pleasure of the State Government:

¹⁰[Provided that, out of the members so appointed at least one member shall be from amongst the members of the *Gram Sabha* or the *Panchayat* in the Scheduled Areas referred to in clause (1) of article 244 of the Constitution of India.

Explanation.— For the Purpose of this proviso, the expressions “*the Gram Sabha*” “*the Panchayat*” shall have the same meaning respectively assigned to them in clauses (b) and (d) of article 243 of the Constitution of India.]

¹ Clauses (c) and (ca) were substituted for clause (c) by Mah. 28 of 1965, s. 4(d).

² Clause (ea) was inserted by Mah. 55 of 1977, s. 2(b).

³ Clause (ee) was inserted by Mah. 28 of 1965, s. 4(e).

⁴ Clause (f) was substituted by Mah. 28 of 1965, s. 4(f).

⁵ Sub-clause (ia) was inserted by Mah. 55 of 1977, s. 2(c).

⁶ The words “or Boards” were deleted by Mah. 28 of 1965, s. 5.

⁷ Sub-section (1) was substituted by Mah. 28 of 1965, s. 6(a).

⁸ These words were substituted for the words “Every Board” by Mah. 28 of 1965, s. 6(b).

⁹ Sections 4, 4A and 4B were substituted for the original section 4 by Mah. 28 of 1965, s. 7.

¹⁰ This proviso was added by Mah. 21 of 2013, s. 2.

(2) One of the members of the Board shall be appointed by the State Government as Chairman of the Board and another as Vice-Chairman, and the Government shall also appoint one or two of the remaining members as it thinks fit as the member-secretary or member-secretaries of the Board. All or any of the members may be either whole-time or part-time, as the State Government may direct.

(3) The Board shall have its office at such place or places in the State, as the State Government may notify, to which all communications and notices shall be addressed.

4A. Term of office and terms and conditions of service of members.— (1) Subject to the provisions of section 4, and sub-section (3) of this section, the term of office and terms and conditions of service of members and the remuneration or allowances or both to be paid to them shall be such as may be prescribed.

(2) Subject to the provisions of sub-section (3),—

(a) the Chairman shall be entitled without payment of rent to the use of a residence in Bombay throughout his term of office and for a period of fifteen days immediately thereafter, or in lieu of such residence, a house allowance at the prescribed rate;

(b) no charge shall fall on the Chairman personally in respect of the maintenance of any residence provided in this sub-section;

(c) the Board may from time to time for the use of the Chairman purchase and provide a motor car or other suitable conveyance upon such conditions as regards its maintenance and repairs as may be determined by rules made by the State Government in this behalf.

(3) Notwithstanding anything contained in this section or any rules made thereunder, a member of the State Legislature while holding the office of Chairman or member of the Board shall not be entitled to receive any facilities provided in sub-section (2), or any remuneration or allowances other than travelling allowance, daily allowance or such other allowance which is paid to the holder of such office for the purpose of meeting the personal expenditure incurred in attending the meeting of the Board, the Council or any Committee of the Board, or in performing any other functions as the holder of such office.

(4) The Chief Executive Officer, the Financial Adviser and Chief Accounts Officer, and all other officers and servants of the Board shall work under the superintendence and control of the Chairman.

4B. Resignation of by office member.— Any member of the Board may, at any time, resign his office by writing under his hand addressed to the State Government.]

5. Vacancy to be filled as early as possible.— When ¹[a member dies or resigns,] he shall cease to be a member of the Board from the date of his death or the date of the acceptance of the resignation, as the case may be, and any vacancy so occurring ²[or otherwise] shall be filled by the State Government as early as practicable:

Provided that, during any such vacancy the continuing members may act as if no vacancy has occurred.

6. Proceedings presumed to be good and valid.— No act or proceeding of ³[the Board] shall be questioned or invalidated merely by reason of any vacancy in its membership on account of resignation, death or otherwise, or by reason of any defect in the constitution thereof ⁴[or that the Board did not consult the Council in respect of any matter.]

⁵[**6A. Temporary association of persons with Board for particular purpose.**— (1) The Board may associate with itself in such manner and on such conditions and for such purposes as may

¹ These words were substituted for the words “a member of a Board dies or resigns as provided in section 4” by Mah. 28 of 1965, s. 8(a).

² These words were added by Mah. 28 of 1965, s. 8(b).

³ These words were substituted for the words “a Board” by Mah. 28 of 1965, s. 9(1).

⁴ These words were added by Mah. 28 of 1965, s. 9.

⁵ Sections 6A and 6B were inserted by Mah. 28 of 1965, s. 10.

be determined by regulations made under this Act, any persons whose assistance or advice it may desire for the purpose of complying with any of the provisions of this Act.

(2) A person associated with it by the Board under sub-section (1) for any purpose, shall have the right to take part in the discussions of the Board relevant to that purpose, but shall not have the right to vote, and shall not take part in the discussions of the Board relating to matters connected with any other purpose.

(3) The State Government may, by order, depute one or more officers of the State Government to attend any meeting of the Board, and to take part in the discussions of the Board, but such officers shall not have the right to vote.

6B. Constitution of Council.— (1) For the purpose of assisting the Board in the discharge of its functions under this Act, the State Government may, in consultation with the Board, by notification in the *Official Gazette*, constitute a Council to be called the Maharashtra State Khadi and Village Industries Council.

¹[The Council shall consist of—

(a) the Chairman and other members of the Board,

(b) the Chairman of all District Committees, and

(c) such number of additional members (not exceeding four), as the State Government may think fit,]

chosen from amongst persons who, in the opinion of the State Government, are qualified as having had experience and an abiding interest in matters relating to the development of khadi and village industries.

²[(1A) The Chairman of the Board shall be the *ex-officio* Chairman of the Council.]

(2) The Board shall ordinarily consult the Council in the discharge of its functions under this Act.

(3) The members of the Council ³[shall be paid such allowances as may be prescribed, and] shall hold office during the pleasure of the State Government.]

⁴[7. Chief Executive Officer, Financial Adviser and other officers and servants of Boards; and conditions of their service.— (1) The Board shall appoint a Chief Executive Officer to manage the affairs of the Board.

(2) The Chief Executive Officer may be a Government servant whose services are placed at the disposal of the Board by the State Government; and if he is a Government servant his remuneration, allowances and other conditions of service shall be such as may be fixed by the State Government.

(3) The functions, duties and powers of the Chief Executive Officer shall be such as may be fixed by the Board, with the previous approval of the State Government.

(4) The Board shall, with the previous approval of the State Government, also appoint a person (not being a member) to be the Financial Adviser. The Financial Adviser shall also functions as the Chief Accounts Officer of the Board.

(5) The term of office, the conditions of service and functions of the Financial Adviser shall be such as may be prescribed.

(6) Subject to any rules as to creation of posts made in this behalf, the Board may create posts and appoint such other officers and servants as it may consider necessary for the efficient discharge of its functions:

¹ These words were substituted for the portion beginning with the words “The Council shall” and ending with the words “may think fit” by Mah. 55 of 1977, s. 3(a).

² Sub-section (1A) was inserted by Mah. 55 of 1977, s. 3(b).

³ These words were inserted by Mah. 37 of 1975, s. 4.

⁴ Section 7 was substituted by Mah. 28 of 1965, s. 11.

Provided that, the Board may delegate its powers in this behalf to the Chairman or other members or officers of the Board.

(7) Subject to the provisions of sub-section (2) and sub-section (5), the remuneration, allowances and other conditions of service of the officers and servants of the Board shall be such as may be determined by regulations.]

¹[7A. **Constitution of District Committees and their powers and functions.**— (1) Subject to any rules made in this behalf, the Board shall, for the purpose of securing a more effective impact of its programmes in the rural areas, constitute a Committee for each District in the State, to be called the District Committee, consisting of the following members, namely :—

- | | | | |
|-----|--|-----|------------|
| (a) | A non-official to be appointed by the Board, with the approval of the State Government, as Chairman. | ... | Chairman. |
| (b) | A representative of the <i>Zilla Parishad</i> , who shall ordinarily be the Chairman of its Social Welfare Committee. | ... | Member. |
| (c) | The Chairman of the District Central Co-operative Bank. | ... | Member. |
| (d) | A representative of the Lead Bank of the District. | ... | Member. |
| (e) | Three non-officials, at least one of whom shall belong to the Scheduled Castes, Scheduled Tribes, <i>Vimukta Jatis</i> or Nomadic Tribes and one of whom shall be a woman. | ... | Member. |
| (f) | The District Deputy Registrar of Co-operative Societies. | ... | Member. |
| (g) | The District Industries Officer. | ... | Member. |
| (h) | The District Social Welfare Officer. | ... | Member. |
| (i) | The District Village Industries Officer of the Board. | ... | Secretary. |

(2) On the first constitution of the District Committees in any District under sub-section (1), all divisional committees, district committees and *ad-hoc* committees (if any), constituted by the Board and functioning at the date of commencement of the Bombay Khadi and Village Industries (Amendment) Act, 1977 (Mah. LV of 1977) shall cease to function therein.

(3) The term of office of the members of the District Committee shall normally be conterminous with the term of office of the member of the Board but the Board may reconstitute any of the District Committees, at any time, if it considers necessary to do so.

(4) The Board may, from time to time, with the previous sanction of the State Government, delegate to the District Committee such of its powers (except the powers to make regulations), and such of its functions as are specified by regulations made in this behalf.

(5) The Board may at any time withdraw all or any of the powers and functions delegated to a District Committee, if in its opinion such powers and functions are not properly exercised or discharged by that Committee.

(6) Any member of the District Committee may, at any time, resign his office by writing under his hand addressed to the Chairman of the District Committee.

(7) When a vacancy occurs in the office of a member of the District Committee by reason of resignation, death or otherwise, the vacancy shall be filled by the Board as early as practicable:

¹ Section 7A was inserted by Mah. 55 of 1977, s. 4.

Provided that, during any such vacancy the continuing members may act as if no vacancy has occurred.

(8) No act or proceeding of the District Committee shall be questioned or invalidated merely by reason of any vacancy in its membership on account of resignation, death or otherwise, or by reason of any defect in the constitution thereof.

(9) The District Committee shall be responsible for the proper and effective implementation of the various schemes of the Board and shall be accountable to the Board.

(10) In the exercise of its powers and discharge of its functions, the District Committee shall work under the overall supervision of the Board and shall comply with the instructions and directions issued by the Board, from time to time. If any dispute arises between, the District Committee and the Board regarding any matter, the decision of the Board shall be final.

(11) The District Village Industries Officer of the Board shall be the principal executive officer of the District Committee and shall exercise such powers and discharge such functions as may be entrusted to him by the District Committee or by the Board.

(12) The Chairman and other members of the District Committee shall be paid such allowances as may be prescribed.]

¹[**8. Appointment of committees.**— (1) Subject to any rules made in this behalf, the Board may from time to time constitute one or more committees for the purpose of securing the efficient discharge of its functions, and in particular, for the purpose of securing that the functions are discharged with due regard to the circumstances and requirements of any particular khadi or village industry, Such committees may be constituted for any specified local areas :

²[* * *]

Every such committee shall have a chairman and a member-secretary.

³[* * *]]

⁴[**9. Meetings of Board and Council.**— The Board and Council shall meet at such times and places, and shall observe such rules of procedure in regard to transaction of business at their meetings (including the laying down of a quorum at meetings) as may be provided by regulations made by the Board under this Act:

Provided that, the Board shall ordinarily meet at least once in a month, and the Council ordinarily at least once in every three months.]

10. Power to make contracts.— (1) ⁵[The Board] may enter into and perform all such contracts as it may consider necessary or expedient for carrying out any of the purposes of this Act.

(2) Every contract shall be made on behalf of ⁶[the Board] by its Chairman:

Provided that, the Chairman may, by an order in writing, delegate his powers in this behalf to the Vice-Chairman or ⁷[member-secretary or member-secretaries] ⁸[of the Board or the member-secretary of the District Committee] in cases specified by him in that behalf.

(3) Every contract made on behalf of ⁹[the Board], shall, subject to the provisions of this section, be entered into in such manner and form as may be prescribed.

¹ Section 8 was substituted by Mah. 28 of 1965, s. 12.

² The portion beginning with the words "Provided that" and ending with the words "each District" was deleted by Mah. 55 of 1977, s. 5(a).

³ Sub-section (2) was deleted by Mah. 55 of 1977, s. 5(b).

⁴ Section 9 was substituted by Mah. 28 of 1965 s. 13.

⁵ These words were substituted for the words "a Board" by Mah. 28 of 1965, s. 14(a).

⁶ These words were substituted for the words "a Board" by Mah. 28 of 1965, s. 14(a).

⁷ These words were substituted for the word "Secretary" by Mah. 28 of 1965, s. 14(b).

⁸ These words were substituted for the word "or the Chairman of the Divisional committee" by Mah. 55 of 1977, s. 6.

⁹ These words were substituted for the words "a Board" by Mah. 28 of 1965, s. 14(a).

(4) A contract not executed in the manner provided in this section and the rules made thereunder, shall not be binding on ¹[the Board].

CHAPTER III

FUNCTIONS AND POWERS OF THE BOARD

11. Functions of Board.— (1) It shall be the duty of ²[the Board] to encourage, organise, develop and regulate khadi and village industries and perform such functions as the State Government may prescribe, from time to time.

(2) Without prejudice to the generality of the provisions of sub-section (1), ³[the Board] shall also also in particular discharge and perform all or any of the following duties and functions, namely :—

(a) to start, encourage, assist and carry on khadi and village industries and to carry on trade or business in such industries and in the matters incidental to such trade or business;

(b) to help the people by providing them with work in their homes and to give loans and other form of monetary help to individuals or societies or institutions on such terms as may be prescribed;

(c) to encourage establishment of co-operative societies for khadi and village industries;

(d) to conduct training centres and to train people there at with a view to equipping them with the necessary knowledge for starting or carrying on khadi and village industries;

(e) (i) to manufacture tools and implements required for carrying on khadi and village industries and to manufacture the products of such industries;

(ii) to arrange for the supply of raw materials and tools and implements required for the said purpose, and

(iii) to sell and to arrange for the sale of the products of the said industries ;

(f) to arrange for publicity and popularising of finished products of khadi and village industries by opening stores, shops, emporiums or exhibitions and to take similar measures for the purpose;

(g) to endeavour to educate public opinion and to impress upon the public the advantages of patronising the products of khadi and village industries;

(h) to seek and obtain advice and guidance of experts in khadi and village industries;

(i) to undertake and encourage research work in connection with khadi and village industries and to carry on such activities as are incidental and conducive to the objects of this Act;

(j) to discharge such other duties and to perform such other functions as the State Government may direct for the purpose of carrying out the objects of this Act.

12. General Powers of Board.— ⁴[The Board] shall, for the purposes of carrying out ⁵[its duties duties and functions] under this Act, have the following powers, namely :—

(i) to acquire and hold such moveable and immoveable property as it deems necessary and to lease, sell or otherwise transfer any such property:

Provided that, in the case of immoveable property ⁶[in relation to which monies of the State Government are involved or the value of the property exceeds Rs. 25,000,] the aforesaid powers shall be exercised with the previous sanction of the State Government;

¹ These words were substituted for the words “a Board” by Mah. 28 of 1965, s. 14(a).

² These words were substituted for the words “every Board” by Mah. 28 of 1965, s. 15.

³ These words were substituted for the words “every Board” by Mah. 28 of 1965, s. 15.

⁴ These words were substituted for the words “Every Board” by Mah. 28 of 1965, s. 15.

⁵ These words were substituted for the words “A Board” and “its functions” by Mah. 28 of 1965, s. (16)(a).

⁶ These words were inserted by Mah. 28 of 1965, s. 16(b).

(ii) to incur expenditure and undertake works in any area within its jurisdiction for carrying out the provisions of this Act for the framing and execution of such schemes as may be entrusted to it by State Government, subject to the provisions of this Act and the rules made thereunder.

CHAPTER IV

PREPARATION AND SUBMISSION OF PROGRAMMES

13. Preparation and submission of annual programme.— (1) In each year, on such date as may be fixed by the State Government ¹[the Board] shall prepare and forward to the State and Government a programme of work.

(2) The programme shall contain—

(a) particulars of the scheme which the Board proposes to execute whether in part or whole during the next year;

(b) particulars of any work or undertaking which the Board proposes to execute during the next year for the purposes of carrying out its functions under this Act; and

(c) such other particulars as may be prescribed.

14. Sanction of programme.— The State Government may approve and sanction the programme in whole or with such modifications as it deems fit.

15. Supplementary programmes.— ²[The Board] may prepare and forward a supplementary programme for the sanction of the State Government in such form and before such date as the State Government may prescribe and the provisions of section 14 shall apply to such supplementary programme.

CHAPTER V

FINANCES, ACCOUNTS, AUDIT AND DEBTS

16. Transfer of property.— The State Government may transfer to ³[the Board] buildings, land or any other property, whether moveable or immovable, for use and management by the Board on such conditions and limitations as the State Government may deem fit for the purposes of this Act.

17. Funds of Board.— (1) ⁴[The Board] shall have its own fund and all receipts of the Board shall be credited thereto, and all payments by the Board shall be met therefrom.

(2) ⁵[The Board] may accept grants, subventions, donations and gifts and receive loans from Government or a local authority or any body or association, whether incorporated or not, or an individual for all or any of the purposes of this Act.

(3) All money belonging to the fund of ⁶[the Board] shall be deposited in such manner as the State Government may, by a special or general order, direct.

(4) The accounts of ⁷[the Board] shall be operated upon by such officers jointly or individually as may be authorised by the Board.

⁸**[17A. Reserve fund of Board.**— (1) The Board may establish a reserve fund to which shall be transferred such portion of its funds as may be prescribed.

¹ These words were substituted for the words “every Board” by Mah. 28 of 1965, s. 17.

² These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 18.

³ These words were substituted for the words “a Board” by Mah. 28 of 1965, s. 19.

⁴ These words were substituted for the words “Every Board” by Mah. 28 of 1965, s. 20(a).

⁵ These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 20(b) and (c).

⁶ These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 20(b) and (c).

⁷ These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 20(b) and (c).

⁸ Section 17A was inserted by Mah. 28 of 1965, s. 21.

(2) The management of the reserve fund, the sums to be carried from time to time to the credit thereof, and application of the moneys comprised therein shall be determined in such manner as may be prescribed.]

18. Application of fund and property.— All property, fund and other assets of ¹[the Board] shall be held and applied by it subject to the provisions and for the purpose of this Act.

19. Subventions and loans to Board.— (1) The State Government may, from time to time, make subventions and grants to ²[the Board] for the purposes of this Act on such terms and conditions as the State Government may determine in each case.

(2) ³[The Board] may, from time to time, with the previous sanction of the State Government and subject to the provisions of this Act and such conditions as the State Government may determine, borrow any sum required for the purposes of this Act :

⁴[Provided that, no such previous sanction shall be necessary where the sum (not exceeding ⁵[one crore of rupees]) is to be borrowed from the Commission and is required—

(a) for the purpose of implementing any khadi or village industries scheme, or

(b) for advancing by way of loan to any Individual, body or association or institution whether incorporated or not, for implementing any such scheme.]

⁶[19A. Expenditure for research and experiments.— The Chairman shall have power to incur incur expenditure, not exceeding the limit prescribed, for experiment and research in the technique of production of khadi or in the development of any village industry.]

20. Budget.— ⁷[The Board] shall, on such date as may be fixed by the State Government, prepare prepare and submit to the State Government the budget for the next financial year showing estimated receipts and expenditure on capital and revenue accounts according to the programme and the schedule of the stock.

21. Sanction of Budget.— (1) The State Government may sanction the budget submitted to it with such modifications as it deems proper.

(2) ⁸[The Board] shall be competent to re-appropriate such amounts as may be necessary from one scheme to another subject to the condition that the cost of any scheme as originally sanctioned shall not be exceeded by more than 33 ½ per cent.

⁹[* * *]

22. Supplementary budget.— ¹⁰[The Board] may submit a supplementary budget for the sanction of the State Government in such form and before such date as the State Government may prescribe and the provisions of section 21 shall apply to such supplementary budget.

23. Annual Report.— ¹¹[The Board] shall prepare and forward to the State Government in such manner as may be prescribed, an annual report within six months from the end of the financial year giving a complete account of its activities during the previous financial year ¹²[* * * *] Every such

¹ These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 22 and 23(a).

² These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 22 and 23(a).

³ These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 23(b)(i).

⁴ This proviso was added, by Mah. 28 of 1965, s. 23(b)(ii).

⁵ These words were substituted for the words “such limit as may be prescribed” by Mah. 55 of 1977, s. 7.

⁶ Section 19A was inserted by Mah. 28 of 1965, s. 24.

⁷ These words were substituted for the words “Every Board” by Mah. 28 of 1965, s. 25.

⁸ These words were substituted for the words “A Board” by Mah. 28 of 1965, s. 26(a) and 27.

⁹ Sub-section (3) was deleted by Mah. 28 of 1965, s. 26(b).

¹⁰ These words were substituted for the words “Every Board” by Mah. 28 of 1965, s. 25.

¹¹ These words were substituted for the words “Every Board” by Mah. 28 of 1965, ss. 28 and 29.

¹² The words and figures “along with a copy of the annual statements of account referred to in section 25” were deleted by Mah. 37 of 1975, s. 3.

report shall be laid before each House of the State Legislature as soon as may be after it is received by the State Government.

24. Further report, statistics and returns.—¹[The Board] shall, before such date, and at such intervals, and in such manner, as the State Government may from time to time direct, submit to the State Government a report on such matters and such statistics and such returns as the State Government may direct.

²**[25. Accounts and audit.**— (1) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including ³[the receipt and payment account] and balance sheet in such form as may be prescribed.

⁴[The Board shall maintain regular preform of commercial accounts for the units run by it on commercial principles and exhibit them in the annual report to be forwarded to the State Government under section 23].

(2) The accounts of the Board shall be audited by such person as the State Government may appoint in this behalf.

(3) The auditor appointed under sub-section (2) shall in connection with the audit of the accounts of the Board have such rights, privileges and authority as may be prescribed; and in particular, shall have a right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any office of the Board.

(4) The accounts of the Board certified by the auditor together with the audited report thereon shall be forwarded annually to the State Government before such date as the State Government may specify in this behalf.

⁵[(4A) The State Government shall cause the accounts of the Board together with the audit report thereon forwarded to it under sub-section (4) to be laid annually before each House of the State Legislature.]

(5) The Board shall comply with such directions as the State Government may, after perusal of the report of the auditor, think fit to issue.]

CHAPTER VI

MISCELLANEOUS

26. Direction by State Government.— (1) In the discharge of its functions, ⁶[the Board] shall be guided by such instructions on question of policy as may given to it by the State Government.

(2) If any dispute arises between the State Government and ⁷[the Board] as to whether a question is or is not a question of policy the decision of the State Government shall be final.

⁸**[26A. Recovery of moneys due to Board as arrears of land revenue.**— ⁹[(1) Where any sum payable to the Board under any agreement, express or implied or otherwise howsoever, is not paid on or before the due date and the claim is not disputed the Chief Executive Officer shall send a certificate under his hand indicating therein the sum due to the Board and thereupon subject to the provisions of sub-section (2), the Collector shall recover the sum due as an arrear of land revenue.]

¹ These words were substituted for the words "Every Board" by Mah. 28 of 1965, ss. 28 and 29.

² Section 25 was substituted by Mah. 28 of 1965, s. 30.

³ These words were substituted for the words "the profit and loss account" by Mah. 55 of 1977, s. 8(a).

⁴ This portion was added, by Mah. 28 of 1965, s. 8(b).

⁵ Sub-section (4A) was inserted by Mah. 37 of 1975, s. 4.

⁶ These words were substituted for the words "each Board" and "a Board" by Mah. 28 of 1965, s. 31.

⁷ These words were substituted for the words "each Board" and "a Board" by Mah. 28 of 1965, s. 31.

⁸ Section 26A was inserted by Mah. 34 of 1962, s. 2.

⁹ Sub-section (1) was substituted by Mah. 28 of 1965, s. 32.

(2) If any question arises whether a sum is payable to the Board within the meaning of sub-section (1), it shall be referred to a Tribunal constituted by the State Government for the purpose which shall, after making such inquiry as it may deem fit, and after giving to the person by whom the sum is alleged to be payable an opportunity of being heard, decide the question; and the decision of the Tribunal shall be final and shall not be called in question in any Court or other authority.

(3) The Tribunal shall consist of one person who is not connected with the Board or with the person by whom the sum is alleged to be payable.

(4) The expenses of the Tribunal shall be borne by the Board.]

¹[**26B. Power of Board to write off losses.**— (1) The Board shall be competent to write off losses up to five hundred rupees in individual cases, but not exceeding five thousand rupees, in the aggregate in any financial year, in cases falling under all or any of the following categories that is to say—

(a) loss of irrecoverable value of stores or of public money due to theft, fraud, or such other causes;

(b) loss of irrecoverable advance other than loans; and

(c) deficiency and depreciation in the value of stores.

The Chairman shall be competent after prior consultation with the Financial Adviser to write off losses up to two hundred rupees in an individual case, but not exceeding two thousand rupees, in the aggregate in any financial year.

(2) On any loss being written off, the Board shall send to the State Government detailed report thereof, together with a report on the action taken (if any) against any person or persons, responsible for the loss:

Provided that cases involving losses not exceeding two hundred rupees need not be reported to the State Government, unless in the opinion of the Board there are important features connected with such losses, which required proper investigation and considerations.]

27. Members of Board and officers and servants of Board to be public servants.— Members of ²[the Board], ³[members of the District Committees] and officers and servants on ⁴[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. (XLV of 1860).

28. Protection of action taken under this Act.— No suit, prosecution or other legal proceedings shall lie against any person for anything which is in good faith done or purported to be done by or under this Act.

⁵[**29. Rules.**— (1) The State Government may 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 power, such rules may provide for all or any the following matters, namely :—

(a) the term of office of, and the manner of filling casual vacancies among, the members of the Board, and the terms and conditions of service of the Chairman, the Vice-Chairman, the member-secretary or secretaries and other members including the salaries, allowances to be paid to them and the travelling and daily allowances to be drawn by them when they are on tour in connection with their duties as members of the Board;

¹ Section 26B was inserted by Mah. 28 of 1965, s. 33.

² These words were substituted for the words “a Board” by Mah. 28 of 1965, s. 34.

³ These words were inserted by Mah. 55 of 1977, s. 9.

⁴ These words were substituted for the words “a Board” by Mah. 28 of 1965, s. 34.

⁵ Section 29 was substituted by Mah. 28 of 1965, s. 35.

(b) the disqualifications for membership of the Board or Council, ¹[or District Committees] and the procedure to be followed in removing a member who is or becomes subject to any disqualification;

(c) subject to the provisions of sub-section (3) of section 4A, the term of office and other conditions of service of, the procedure to be followed in the discharge of functions by, and the manner of filling casual vacancies among, members of the Board;

(d) the powers and duties to be exercised and performed by the Chairman and Vice-Chairman and the member-secretary;

²[(dd) the allowances to be paid to the members of the Council under section 6B] ³[and of the District Committees under sub-section (12) of section 7A];

(e) the term of office, the conditions of service and functions of the Financial Adviser;

⁴[* * *]

(g) the manner and form in which contracts shall be entered into under section 10;

(h) the functions of the Board under section 11;

(i) the other particulars of the programme under section 13;

(j) the form in which and the date before which the supplementary programme shall be submitted under section 15;

(k) the portion of funds of the Board that may be transferred to the reserve fund, the management, and the sums to be carried from time to time to the credit thereof and the application of the moneys comprised therein under section 17A;

(l) the limit up to which the Chairman shall incur expenditure under section 19A;

(m) the form in which and the date before which the supplementary budget shall be submitted under section 22;

(n) the manner in which the annual report shall be prepared and forwarded to the State Government under section 23;

(o) the form in which annual statement of accounts including ⁵[the receipt and payment account] and balance sheet shall be prepared, the intervals at which the accounts shall be audited and the rights privileges and authority, the auditor shall have under section 25;

(p) the procedure to be followed by the Tribunal in deciding question referred to it under sub-section (2) of section 26A;

⁶[(pa) any reasonable fees which may be charged by the Board for any services rendered by it and the rates of such fees;]

(q) any other matter which is required to be, or may be prescribed under this Act.

(3) Every rule made under this section shall be laid as soon as may be after it is made, before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall from the date of publication of a notification in the *Official Gazette*, of such decision 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 or omitted to be done under that rule.]

¹ These words were inserted by Mah. 55 of 1977, s. 10(a).

² Clause (dd) was inserted by Mah. 37 of 1975, s. 5.

³ These words were inserted by Mah. 55 of 1977, s. 10(b).

⁴ Clause (f) was deleted by Mah. 55 of 1977, s. 10(c).

⁵ These words were substituted for the words "the profit and loss account" by Mah. 55 of 1977, s. 10(d).

⁶ Clause (pa) was inserted by Mah. 55 of 1977, s. 10(e).

¹[**30. Regulations.**— (1) The Board may with the previous sanction of the State Government make regulations not inconsistent with this Act and the rules for enabling it to discharge its duties and functions under this Act, and notify them in the *Official Gazette*.

(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 time and place of meetings of the Board and of the Council, the procedure to be followed in regard to transaction of business at such meetings and the quorum necessary for the transaction of such business at a meeting;

(b) the manner in which, the conditions subject to, and purposes for, which persons may be associated with itself by the Board under section 6A;

(c) the remuneration, allowances and other conditions of service of the other officers and servants of the Board under section 7;

(d) the functions of committees and the procedure to be followed by them in discharge of their functions, and the delegation of powers and function of the Board to ²[the District Committees under section 7A] and subject to the provision of sub-section (3) of section 4A, the allowances to be paid to members of committees for attending meetings of committees or performing any other functions as members of the committee;

(e) the delegation of powers and duties to the Chief Executive Officer, Financial Adviser and Chief Accounts Officer or any employee of the Board;

(f) the persons by whom, and the manner in which payments, deposits and investments may be made on behalf of the Board and the custody of moneys required for the current expenditure of the Board and investments of moneys not so required;

(g) the maintenance of accounts.

(3) The State Government may, by notification in the *Official Gazette*, rescind any regulation made under this section; and thereupon the regulation shall cease to have effect.]

³[**31. Dissolution of Board.**— (1) The State Government may by notification in the *Official Gazette* direct that the Board shall be dissolved from the date specified in the notification; and thereupon the Board shall be deemed to be dissolved accordingly; and the Council ⁴[the District Committees and any other committees] constituted, shall cease to function.

(2) on and from the said date—

(a) all properties and funds, which immediately before the said date were in the possession of the Board for the purposes of this Act shall vest in the State Government;

(b) all members shall vacate office as members of the Board; and

(c) all rights, obligations and liabilities (including any liabilities under any contract) of the Board shall become the rights, obligations and liabilities of the State Government.]

⁵[**31A. Transfer of rights and liabilities of State Government to Board.**— Any rights acquired or obligations or liabilities incurred by the State Government (including rights, obligations or liabilities under any contract) immediately before the date of the commencement of the Bombay Khadi and Village Industries (Amendment) Act, 1963 (Mah. V of 1964), and subsisting on that date (being rights and liabilities in relation to the implementations of village industries schemes in the Vidarbha region and Hyderabad area of the State within the purview of the Khadi and Village Industries Commission constituted under the Khadi and Village Industries Commission Act, 1956 (61 of 1956)) shall, as from that date, be transferred to, and vest in, and be the rights, obligations and liabilities of the

¹ Section 30 was substituted by Mah. 28 of 1965, s. 35.

² These words, figure and letter were substituted for the words and figure, “the divisional and district committees under section 8” by Mah. 55 of 1977, s. 11.

³ Section 31 was substituted by Mah. 28 of 1965, s. 36.

⁴ These words were substituted for the words “and any Committees” by Mah. 55 of 1977, s. 12.

⁵ Section 31A was inserted by Mah. 5 of 1964, s. 2.

Maharashtra State Khadi and Village Industries Board; and accordingly any reference by whatever form of words to the Governor of the State or to the State Government or any reference to any officer of the Government, acting on behalf of the Governor or State Government in any instrument or document in relation to any such rights, obligations or liabilities shall, after the said date, be construed as a reference to the said Board or the relevant officer of the Board.]

32. Repeal and saving.— (1) On the date of commencement of the Bombay Khadi and Village Industries Ordinance, 1960 (Bom. Ord. No. III of 1960) (hereinafter in this section and in section 33 referred to as “the appointed day”)—

- (i) the Saurashtra Khadi and Village Industries Board Act, 1953 (Sau. XL of 1953);
- (ii) the Bombay Village Industries Act, 1954 (Bom. XLI of 1954);
- (iii) the Hyderabad Khadi and Village Industries Board Act, 1955 (Hyd. XII of 1955), in its application to the Hyderabad area of the State of Bombay; and
- (iv) the Madhya Pradesh Khadi and Village Industries Board Act, 1956 (M. P. IX of 1956), in its application to the Vidarbha region of the State of Bombay shall be repealed.

(2) Notwithstanding the repeal of the Bombay Village Industries Act, 1954 (Bom. XLI of 1954), the rules and regulations made under that Act and in force immediately before the appointed day shall subject to anything done or any action taken under the Bombay Khadi and Village Industries Ordinance, 1960 (Bom. Ord. No. III of 1960), and in so far as they are not inconsistent with the provisions of this Act, be deemed to be made under this Act in relation to the whole of the State and shall continue to be in force accordingly unless and until superseded by anything done or any action taken under this Act.

¹[**33. Dissolution of existing Board and transfer of its assets and liabilities to the new Board.**— (1) On the establishment of the Board under section 3 of this Act as amended by the Bombay Khadi and Village Industries Amendment Act, 1965 (Mah. XXVIII of 1965), the Maharashtra State Khadi and Village Industries Board functioning immediately before such establishment thereof (hereinafter referred to as “the existing Board”) shall stand dissolved; and the members thereof shall vacate their offices.

(2) On the establishment of the Board as aforesaid, the assets, rights and liabilities of the existing Board (including the rights and liabilities under any contract made by the existing Board) shall pass to the new Board, and the assets, rights and liabilities of the existing Board shall vest in, and be the assets, rights and liabilities of the Board.

(3) Where immediately before the establishment of the Board as aforesaid, the existing Board is a party to any proceedings pending before any Court, Tribunal, authority or officer with respect to any property, rights or liabilities transferred to the Board, the Board shall be deemed to be substituted for the existing Board as a party to those proceedings, and the proceedings may continue accordingly.

(4) Every person who immediately before the establishment of the Board as aforesaid is an employee of the existing Board, shall, as from the establishment of the Board, be deemed to be the employee of the Board on the same terms and conditions including pay as are applicable to him immediately before such establishment.

(5) Nothing in sub-section (4) shall be deemed to affect the rights of the Board to duly determine, after its establishment, the conditions of service of any such person deemed to be the employee of the Board:

Provided that, the condition of service applicable immediately before the establishment of the Board to the case of any such person, shall not be varied to his disadvantage by the Board except with the previous approval of the State Government.]

¹ Section 33 was substituted by Mah. 28 of 1965, s. 37.

34. Power to remove difficulties.— If any difficulty arises in giving effect to the provisions of section 33, the State Government may by order do anything not inconsistent with the provisions of this Act which appears to it to be necessary or expedient for the purpose of removing the difficulty.

35. Removal of doubt.— For the avoidance of doubt, it is hereby declared that nothing in this Act shall apply to 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.

36. Bom. Ord. No. III of 1960.— The Bombay Khadi and Village Industries Ordinance, 1960 (Bom. Ord. No. III of 1960), is hereby repealed and the provisions of sections 7 and 25 of the Bombay General Clauses Act, 1904 (Bom. I of 1904), shall apply to such repeal as if that Ordinance were an enactment.

¹[* * *]

¹ The Schedule was deleted by Mah. 28 of 1965, s. 38.