

RULES

GOVERNMENT OF HIMACHAL PRADESH

INDUSTRIES DEPARTMENT

NOTIFICATION

Shimla-4, the 30th January, 1968

No. 9-155-V/65-Ind. II—In exercise of the powers conferred by section 35 of the Himachal Pradesh Khadi and Village Industries Board Act, 1966 (Act No. 8, 1966), the Government of Himachal Pradesh, is pleased to make the following rules, namely :—

CHAPTER-I

PRELIMINARY

1. Short title.—*These Rules may be called the Himachal Pradesh Khadi and Villages Industries Board Rules, 1966.*

2. Definitions.—(1) In these Rules, unless the context otherwise requires,—

- (a) "Act" means the Himachal Pradesh Khadi and Village industries Board Act, 1966 (Act No. 8, 1966);
- (b) "Financial Advisor" means the Financial Advisor and Chief Accounts Officer appointed under sub-section (1) of section 13 of the Act;
- (c) "Government" means the Government of Himachal Pradesh;
- (d) "Secretary" means the Secretary of the Board, appointed under section 6 of the Act.
- (e) Words and expressions used, but not defined in these Rules and defined in the Act, shall have the meanings respectively assigned to them in the Act.

CHAPTER-II

TERM OF OFFICE

3. Save as herein after provided, a member of the Board shall hold office for such period not exceeding 3 years as may be prescribed in the notification of his appointment which shall be notified in the Official Gazette and shall be eligible for re-appointment.

4. *Disqualifications for membership of the Board.*—A person shall be disqualified for being appointed as, and for being a member of the Board :—

- (a) if he is found to be a lunatic or 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 with or in any work being done for the Board, except as a shareholder (other than a Director or Managing Agent) in a company as defined in section 3 of Companies Act, 1956 provided that where he is a shareholder, he will disclose to the 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 Khadi or any other Village Industry specified or deemed to be specified in the Schedule to the Act :

Provided that all non-official members of the Board shall normally and preferably be bonafied residents of Himachal Pradesh.

5. *Removal from the Board.*—The Government may, by notification in the Official Gazette, remove from office any member of the Board who :—

- (a) is or becomes subject to any of the disqualifications mentioned in rule 4; or
- (b) in the opinion of the Government has failed or is unable to carry out his duties so as to render his removal necessary; or
- (c) absents himself from three consecutive meetings of the Board without leave of the Board :

Provided that before issuing such notification the Government shall given an opportunity to member concerned to show cause against such removal.

6. *Causal vacancies.*—(1) When a member dies or resigns or is removed from office, the Government may, by notification in the official Gazette, appoint a person to fill the vacancy.

(2) A member appointed to fill a casual vacancy shall hold office so long as the member whose place he fills would have been entitled to hold office if the vacancy had not occurred.

7. Salary or honorarium and allowances payable to members.—(1) The Chairman, the Vice-Chairman, the Secretary and other members of the Board shall be paid such salary or honorarium and allowances from the funds of the Board as the Government may from time to time fix.

(2) The Chairman, the Vice-Chairman, the Secretary and other members of the Board shall also be entitled to draw travelling and daily allowances for Journey's performed for attending the meetings of the Board or for the purpose of discharging such duties as may be assigned to them by the Board in accordance with the rules and orders issued by the Government from time to time at the highest rate admissible to Government servants of grade-1.

8. Chief Executive Officer.—The Government shall appoint a Chief Executive Officer of the Board.

(1) The Chief Executive Officer shall act as the Administrative Officer of the Board and shall exercise Administrative control over the employees of the Board.

(2) The Chief Executive Officer shall have the right to attend every meeting of the Board but shall not have the right to vote there at. He shall also have the right to refer to the Board any matter having administrative implications which in his opinion ought to be brought to its notice.

(3) The Chief Executive Officer shall be authority to advise the Board that a particular decision affecting the general administrative policy of the Government shall be referred to the Government for consideration.

(4) The Chief Executive Officer shall exercise such powers and perform such duties as the Board or the Chairman may from time to time delegate to him. He shall also assist the Chairman in the day-to-day working of the Board.

9. Office of the Board.—The Office of the Board shall be located at Shillala or at such other place as the Government may, by notification in the official Gazette, fix from time to time.

CHAPTER-III

POWERS OF THE CHAIRMAN, SECRETARY AND FINANCIAL ADVISER

10. Powers of the Chairman.—(1) The Chairman shall be responsible for the proper functioning of the Board and the implementation of its decisions and discharge of its duties under the Act.

(2) Subject to such delegation as may be made under the Act or the rules made thereunder, the Chairman shall,—

- (a) cause the important papers and matters to be presented to the Board as early as practicable;
- (b) issue directions as to the method of carrying out the decisions of the Board;
- (c) maintain or cause to be maintained on account of the receipt and expenditure of the Board; and
- (d) present a draft annual report of the working of the Board to the Board for approval and submit the report as approved by the Board to the Government. The report approved by the Board should also be circulated to the members of the Board for their information.

(3) The Chairman shall exercise administrative control over all Departments and Officers of the Board.

(4) The Chairman may sanction expenditure on contingencies supplies and services and purchase of articles required for the working of the office of the Board and for the execution of measures in furtherance of the objects of the Act, subject to necessary provisions in the budget.

11. Powers of the Secretary of the Board.—(1) The Secretary shall work under the general control of the Chairman who may delegate to him such powers and duties as the Chairman may consider necessary including the following powers and duties:—

- (i) convening of meeting of the Board under the direction of the Chairman;

- (ii) thawing up agenda for each meeting under the Chairman's directions and supplying the same to each member of the Board alongwith the notice of the meeting;
- (iii) maintenance of the minutes of the meeting of the Board;
- (iv) furnishing to the Government all reports including annual reports and returns and necessary documents required under the Act or the rules;
- (v) preparations of the annual budget of the Board in consultation with the Financial Advisor.

(2) The Secretary shall keep a record of the members of the Board and their addresses. If a member changes his address he shall notify his new address to the Secretary who shall thereupon, enter his new address in the record. But if the member fails to notify his new address, the address on the official record shall for all purposes be deemed to be member's address.

12. Powers of the financial Advisor.—(1) The Financial Advisor shall advise the Board on all matters relating to receipt and expenditure.

(2) The financial Advisor shall have the right to attend every meeting of the Board but shall not have the right to vote there at. He shall also have the right to refer to the Board any matter having financial implications which in his opinion ought to be brought to its notice.

(3) The Financial Advisor shall scrutinise and supervise the preparation of the budget of the Board, the compilation of the annual and other financial statements and the manner in which the accounts of the board are maintained and made available to audit.

(4) The Financial Advisor shall have the right to record his views on every proposal involving expenditure from the funds of the Board prior to the consideration and approval of such proposals by the Board.

(5) The Financial Advisor shall have authority to advise the Board that a particular decision affecting the general financial policy of the Government should be referred to the Government for consideration.

13. *Standing Finance Committee.*—The Board shall constitute from among

14. the members, other than the Chairman, the Vice-Chairman and the Secretary, a Standing Finance Committee, consisting of not more than 3 and not less than 2 members. The Chief Executive Officer of the Board shall act as a Secretary of the Standing Finance Committee and shall have the right to attend every meeting of the Committee but shall not have the right to vote there at. The Standing Finance Committee shall be constituted for each financial year.

CHAPTER—IV

BUDGET, ACCOUNTS AND AUDIT

15. *Preparation and submission of annual estimate.*—(1) The budget estimate (separately for "Khadi" and Village Industries") of the Board for every financial year beginning on the 1st day of April and ending on the 31st day of March following shall be prepared by the Secretary or such officer as may be empowered by the Chairman in this behalf sufficiently in advance of the date fixed in sub-rule (4) and in accordance with sub-rule (6).

(2) A copy of the budget estimates so prepared shall be sent to each member of the Board at least fourteen days before the meeting of the Board at which such estimates are to be considered.

(3) The Board shall consider and approve in consultation with the financial Adviser, the budget estimates with such changes as it thinks fit at the meeting to which the consideration of the budget estimates is fixed by a resolution of the Board.

(4) The budget estimates as approved by the Board shall be submitted to the Government normally by the 15th October, but in no case later than end of October of each year :

Provided that the Government may on the request of the Board extend the date of submission of the budget estimates by such period not exceeding fifteen days as the Government may think fit. The Board shall forward copies of the budget to the Commission for information and remarks, if any.

(5) Subject to such orders as may be issued by the Government from time to time, no expenditure shall be incurred by or on behalf of the Board unless the same is covered by a specific provision in the budget sanctioned by the Government

and expenditure authorised by the competent authority in the Board.

(6) The Budget shall, among other matters, include:-

- (i) the estimated opening balance;
- (ii) the estimated receipts by way of funds to be released by the Government, recovery of interest, refund of loans and other miscellaneous receipts;
- (iii) the proposed expenditure separately under "Khadi" (including Amber Charkha Scheme) and "Village Industries" classified under the following heads or such other heads or sub-heads as the Government may direct:—
 - (a) Administration
 - (b) Subsidies and grants
 - (c) Loans
 - (d) Trading accounts
 - (e) Accounts for the purchase of cotton and other materials for the manufacture of Ambar Charkhas,.
 - (f) Research
 - (g) Training
 - (h) Propaganda
 - (i) Exhibition
 - (j) Conferences, Seminars, etc.

(7) The expenditure under the head "Administration" shall be further classified under the following sub-heads:—

- (i) Khadi and Ambar Charkha Scheme;

- (ii) Village Industries Scheme;
- (iii) Central Office of the Board; and
- (iv) All other items of administrative expenditure not included (i) to (iii) above.

Each of these sub-heads shall contain the following secondary units of appropriation :-

- (a) Pay of Officers
- (b) Pay of Establishment
- (c) Allowances and honoraria etc.
- (d) Travelling allowance, dearness allowance and other allowances
- (e) Other charges-Contingencies, etc.

(8) The expenditure under the sub-head "Central Office of the Board" and all other items of administrative expenditure not included under the sub-heads (i) to (iii) of sub-rule (7) shall be allocated between the "Khadi Funds" and the "Village Industries Funds" referred to in section 22 of the Act in proportion to the budget allotment under the respective funds sanctioned by the Government for that year at the end of each month, and in the month of March final adjustments of the total expenditure so allocated shall be carried out prorata on the basis of funds that may finally be sanctioned by the Government for the respective funds after taking into consideration the amounts proposed to be surrendered, if any. Pending such allocation, the expenditure under the aforesaid sub-heads shall be debited to the "Village Industries Fund".

15. *Supplementary estimates.*—If during any financial year for any reason substantial modification of the budget estimates as finally approved by Government is likely to be involved, the Board shall submit for approval to the Government supplementary estimates in such form and on such dates as the Government by order from time to time direct.

16. *Accounts of the Board.*—The account of the Board shall be maintained in the forms in use by the Khadi and Village Industries Commission, subject to such

addition and alteration in those forms, as the Government in consultation with the Accountant General, Punjab, Haryana and Himachal Pradesh may direct.

17. Preparation of accounts and their production before audit.—Within three months after the end of each financial year the annual accounts showing the financial result of the Khadi fund and the Village Industries fund shall be prepared with such subsidiary accounts as may be necessary and in such form as may be prescribed by the Government in consultation with the Accountant General Himachal Pradesh and placed before the Board. These accounts authenticated by affixing the common seal and duly passed by the Board shall be submitted to the Government normally by the end of August :

Provided that, on the request of the Board the Government may in consultation with the Accountant General, Himachal Pradesh extend the date of submission of the accounts by such period as the Government may think fit.

18. Impropriety and Irregularity in accounts.—(1) The Audit Officer shall furnish to Board and the Government with a statement each, where necessary, in regard to any material impropriety or irregularity which the Audit Officer may observe in the expenditure or in the recovery of moneys due to or in the accounts of the Board.

(2) The Board shall forthwith remedy and defect or irregularity that may be pointed out by the Audit Officer and shall report to the Government the action taken by it thereon within ninety days of the receipt of the report of the Audit Officer provided that if there is any difference of opinion between the Board and the Audit Office or if the Board does not remedy any defect or irregularity within a reasonable period or render a satisfactory explanation in regard to the defect or irregularity, the Government may, and in on reference specifically made therefor by the Audit Officer shall, in consultation with Accountant General, Himachal Pradesh pass such orders thereon as it thinks fit and the Board shall thereafter take action in accordance therewith within such time as may be specified by the Government.

19. Publication of annual accounts.—An abstract statement of annual receipt and expenditure shall be published in the Official Gazette.

20. Placing the Board in possession funds.—(1) After the budget relating to the Board has been approved by the Government and after due appropriation has been made by the Himachal Pradesh Vidhan Sabha by law in this behalf, the Government will place the Board in possession of funds for "Khadi" and "Village Industries" separately.

CHAPTER-V

MISCELLANEOUS

21. *Contracts.*—(1) The Board may in connection with its trading and other activities, enter into contracts provided provision therefor exists in the sanctioned budget.

(2) The Board may delegate to the Chairman, the Secretary, any member of the Board or any officer of the board such powers of entering into contracts on its behalf as it may think fit.

(3) Contracts made on behalf of the Board shall not be binding on the Board unless they are executed by a person authorised under sub-rule (2) to enter into them and the seal of the Board is affixed thereto.

(4) Any person authorised under sub-rule (2) to enter into contracts on behalf of the Board shall not be liable for any assurance or contract made on its behalf and any liabilities arising out of such assurance or contract shall be discharged from the monies at the disposal of the Board.

22. *Power to sanction grants.*—*The* Board shall disburse grants in accordance with and at rates and on terms sanctioned by the Government in respect of each industry, from time to time. The Government may, on its own motion or on the recommendation of the Board modify or supersede the financial rates and terms previously sanctioned.

(2) The Board may reduce the rates at which grants and subsidies are payable in individual cases to such extent as it thinks necessary, but shall not enhance such rates except with the prior approval of the Government.

(3) Grants and subsidies shall be paid only to :

- (a) A Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in Himachal Pradesh.
- (b) Under the Himachal Pradesh Co-operative Societies Act, 1956.
- (c) A gram or Village Panchayat established under the Himachal Pradesh Panchayati Raj Act, 1952.

- (d) An authority set up under any law for the time being in force relating to bhoodan or Garmadan.
- (e) A trust created for public purposes of a charitable or religious nature.
- (f) An individual or institution engaged in research in Khadi and Village Industries subject to the condition that a grant or subsidy to an individual should not exceed Rs. 5,000 in any one case and to an institution, it should not exceed Rs. 50,000 in any one case. The ceiling of Rs. 5,000 for an individual and Rs. 50,000 for an for an institution may, however, be exceeded with prior approval of the Government.

any other individual, authority or body with the prior approval of the Government.

23. Power to grant loans.—(1) The Board shall grant loans in accordance with the provisions of the loan rules for Khadi and Village Industries made by the Government from time to time and in accordance with and at rates and on terms sanctioned by the Government in respect of each industry from time to time.

(2) The Board shall not be competent to modify, amend or otherwise vary the provisions of the loan rules.

(3) The Government may, on its own initiative or on the recommendations of the Board, modify or amend the loan rules. The modification or amendment will have effect from the date it is made by the Government.

24. Power to borrow.—The Board may, with the previous sanction of the Government borrow on the security of its funds or assets for the purposes specified in and in accordance with section 21 of the Act.

25. Power to write off losses.—The Board may, after prior consultation with the Financial Adviser, write off any sum due to it if such sum is, in its opinion, irrecoverable :—

Provided that:—

- (i) Where the sum write off in favour of any one person exceeds five hundred rupees; or

- (ii) Where the aggregate of the sums written off in an financial year exceeds five thousand rupees, the previous sanction of the administrator shall first be obtained.

26. *Custody of common seal.*—The common seal of the Board shall remain in the custody of the Chief Executive Officer of the Board.

CHAPTER-VI

STATISTICS, REPORTS AND RETURNS

27. *Reports.*—The annual report to be submitted by the Board to the Government under section 27 of the Act regarding its activities during the previous financial year, shall contain particulars amongst others, in respect of the following items and shall be in such form as the Government may from time to time direct, namely :—

- (i) budget provision and expenditure;
- (ii) production and sale of Khadi both traditional and ambar;
- (iii) production and sale of products of the village industries;
- (iv) production of charkhas and other implements;
- (v) employment statistics for each industry;
- (vi) training of personnel.

28. *Returns.*—The Board shall submit to the Government and the Commission :—

- (a) monthly statements of accounts showing the details of disbursements made by the Board;
- (b) monthly statements of accounts showing the drawing from the funds of the Board;

(c) quarterly progress report on Khadi and Village Industries specified or deemed to be specified in the schedule to the Khadi and Village Industries Act, 1956.

29. *Power to obtain supplementary report or Information.*— Notwithstanding anything contained in rule 27 and 28, the Government may require special reports from the Board and lay down the manner and the form in which such reports shall be made or may require from the Board answers to questions upon which the Government may need information. The Government may also require the Board to furnish a true copy of each of any contract agreement, understanding or arrangement between the Board and any other party.

**THE RULES REGULATING THE PAYMENTS FOR GRANTS-DT-AID TO
THE HIMACHAL PRADESH KHADI AND VILLAGE INDUSTRIES
BOARD, 1972**

ARRANGEMENT OF RULES

- I. Short title and commencement
2. Definitions
3. Purpose for which grant-in-aid may be given
4. Conditions for the payment of grants-in-aid

KHADI AND VILLAGE INDUSTRIES BOARD

NOTIFICATION

Shimla-2, the 12th January, 1973

No.2-142/69-SI (KB).—In exercise of the powers vested in him under section 35 of the Himachal Pradesh Khadi and Village Industries Board Act, 1966, the Governor, Himachal Pradesh is pleased to frame rules for payment of Grants-in-aid to the Himachal Pradesh Khadi and Village Industries Board as under:-

1. *Short title and commencement.*—(i) These rules may be called the rules regulating the payments for Grants-in-Aid to the Himachal Pradesh Khadi and Village Industries Board 1972.

(ii) These shall come into force at once.

2. *Definitions.*—In these rules, unless the context otherwise requires,—

(i) "Act" means the Himachal Pradesh Khadi and Village Industries Board Act, 1966, (Act No. 8 of 1966).

(ii) "Rules" means the Himachal Pradesh Khadi and Village Industries Board Rules, 1966.

(iii) "Board" means the Himachal Pradesh Khadi and Village Industries Board established under section 3(1) of the Act.

(iv) In these rules, words and expressions have the same meaning as in the Act and the rules made thereunder.

3. Purpose for which grant-in-aid may be given.—*Grants-in-aid* may be given by the Himachal Pradesh Government to the Himachal Pradesh Khadi and Village Industries Board for the following purposes :—

- (i) To meet administrative expenditure on account of pay and allowances of the administrative, technical and other staff employed by the Board.
- (ii) To meet expenditure on account of honoraria, travelling and daily and other allowances to the Chairman, Vice-Chairman, Secretary, Members and other associated persons of the Board.
- (iii) To meet expenditure on contingent and other charges.
- (iv) To meet expenditure on account of construction, purchase and hire of the buildings, godowns, worksheds for housing the offices, godowns and worksheds etc. in furtherance of the objectives of the Board.
- (v) To meet the expenditure on purchase and maintenance of machinery, tools and equipment and vehicles.
- (vi) To meet expenditure on account of trading and business activities of the Board in order to promote, encourage and assist in the development of Khadi and Village Industries.
- (vii) To meet expenditure on account of training and research on effective development of Khadi and Village Industries.
- (viii) To meet expenditure on manufacture of tools and implements concerned with the development of Khadi and Village Industries.
- (ix) To meet expenditure on account of publicity and propaganda and to organise marketing to finished products by opening stores, shops, emporia and exhibitions.
- (x) To meet expenditure on any other account which may be necessary for furtherance of the aims and objectives of the Board.

4. Conditions for the payment of Grants-in-aid.—(i) The Government shall pay cent percent administrative expenditure of the Board by way of grants-in-aid, after the scrutiny of the budget proposals submitted by the Board and subject to the availability of funds;

(ii) The Government may also pay to the Board the expenditure, other than administrative expenditure, by way of grants-in-aid as it may consider necessary after scrutiny of the budget proposals submitted by the Board and subject to the availability of funds;

(iii) The assets acquired by the Board, wholly or substantially out of Government grants-in-aid would not, without the prior sanction of the Government, disposed of encumbered or utilised for purposes other than those for which the grants were sanctioned;

(iv) The Board shall maintain a register in the form prescribed by the Government for the permanent and semi-government assets (acquired wholly or mainly out of Government Grants) and a copy thereof shall be furnished to the Government annually. This register shall be subject to audit scrutiny locally.

(v) The Board shall maintain proper records of such grants-in-aid as given to it by the Government from time to time and such record shall be available for inspection to Government and shall be open to scrutiny by audit.

(vi) The Board shall utilise the grants-in-aid paid to it only for such purpose or purposes for which these have been given;

(vii) The Board shall furnish to the Government a certificate to the effect that the grants-in-aid have been fully utilised within a period of one year with effect from the date of payment;

(viii) The board shall refund to the Government any amount paid to it as grant-in-aid which remains unutilized for the purpose it was given within three months from the expiry of the utilization period.

(R.H.P., dated 27th January, 1973 p. 79).

NOTIFICATION

Shimla-2, the 14th April, 1972

No. 2-130/69—Vol. 11.—In pursuance of the provision contained in rule 7(1) of the Himachal Pradesh Khadi and Village Industries Board Rules, 1966 and all other powers enabling him in this behalf, the Governor of Himachal Pradesh is pleased to order that the Secretary of the Himachal Pradesh Khadi and Village Industries Board shall be entitled to consolidate remuneration of Rs. 700 p.m. *w.e.f.* 1-3-1968, from the funds of the said Board.

(R.H.P., dated the 29th April, 1972, p. 485-86).