

## THE MEGHALAYA KHADI AND VILLAGE, INDUSTRIES BOARD ACT, 1980

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**MEGHALAYA ACT 27 OF 1980**

**THE MEGHALAYA KHADI AND VILLAGE INDUSTRIES BOARD ACT, 1980**

(As passed by the Assembly)

[Received the assent of the Governor of Meghalaya on 17<sup>th</sup> December 1980]

(Published in the *Gazette of Meghalaya*, Extra-ordinary, dated the 20<sup>th</sup> December, 1989)

**An**

**Act**

**to provide for the better organisation, development and regulation of Khadi and Village Industries in the State and for establishment and constitution of Khadi and Village Industries Board for the State by consolidating and amending the existing law on the subject and for matters, connected therewith and incidental thereto.**

Be it enacted by the Legislature of Meghalaya in the Thirty-first Year of the Republic of India as follows:-

**CHAPTER I**

**Preliminary**

Short title extent and commencement.

1. (1) This Act may be called the Meghalaya Khadi and Village Industries Board Act, 1980.

(2) It extends to the whole of the State of Meghalaya.

(3) It shall come into force on such date as the State Government may, by notification, appoint in this behalf.

Definitions.

2. In this Act, unless the context otherwise requires-

- (a) “Board” means the Meghalaya Khadi and Village Industries Board, established under Section 3;
- (b) “Chairman” means Chairman of the Board;
- (c) “Government” means the State Government of Meghalaya;
- (d) “Khadi and Village Industries Commission” means the Khadi and Village Industries Commission established under Section 4 of the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956);
- (e) “Khadi” means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from mixture of any two or all of such yarns and includes readymade garments made out of such cloth;
- (f) “Members” means the member of the Board.
- (g) “Prescribed” means prescribed by rules made under this act;
- (h) “Regulations” means the regulations made by the Board under this Act;
- (i) “Village Industries” means-
  - (a) all or any of the Industries specified in the Schedule to the Khadi and Village Industries Commission Act, 1956, and includes any other industry deemed to be specified in the said Schedule by reason of a notification issued by the Central Government under Section 3 of the said Act, and
  - (b) any other industry specified in this behalf by the Government by notification in the official gazette in consultation with the Khadi and Village Industries Commission and Board.

## CHAPTER II

**MEGHALAYA KHADI AND VILLAGE INDUSTRIES BOARD**

Establishment &  
Incorporation of Board.

3. (1) With effect from such date as the Government may by notification fix in this behalf, there shall be established a Board to be called the Meghalaya Khadi and Village Industries.

(2) The Board shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract and may, by the said name, sue and be sued.

Constitution of the  
Board.

4. (1) The Board shall consist of such number of member, as the State Government may appoint;

(2) One of the members of the Board shall be appointed by the State Government as the Chairman and another as the Secretary. The State Government may, if it so decides, also appoint another member of the Board as the Vice-Chairman.

Vacancy

5. (1) The Chairman, the Vice-Chairman, the Secretary or any other member of the Board may, at any time resign his office by submitting his resignation in writing to the State Government provided that the resignation shall not take effect until it is accepted.

(2) In the event of any vacancy in the office of a member of the Board by reason of death, resignation or removal such vacancy shall be filled up by appointment by the Government and the member appointed in such vacancy

Allowance to  
members.

6. (1) The Chairman, the Vice-Chairman, the Secretary or any other member of the Board shall receive such allowances as the Government may decide and at such rates as may be prescribed.

(2) The allowances to the members shall be paid from the fund of the Board.

Appointment of Financial adviser and Chief Accounts Officer.

7. The State Government may appoint a person, not being a member of the board of the Board, as Financial Adviser and Chief Accounts Officer of the Board. He shall hold office for such period as the State Government may, by general or special order, direct and unless otherwise directed by the State Government, he shall receive his salary and allowances from the fund of the Board.

Appointment of Chief Executive Officer.

8. The State Government may appoint an officer of his own to act as the Chief Executive Officer of the Board. He shall hold office for such period as the State Government may, by general or special order, direct and unless otherwise directed by the State Government he shall receive his salary and allowances from the fund of the Board.

Proceedings presumed to be good and valid.

9. No act or proceeding of the Board shall be questioning or be 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.

Temporary association of persons with the Board for particular purposes.

10. (1) The board may associate with itself in such manner and for such purpose as may be determined by regulations made under this act, any person whose assistance or advice it may desire in complying with any of the provisions of this Act.

(2) A person associated with 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 be a member for any other purpose.

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

Meeting of the Board.

11. (1) The Board shall meet and shall, from time to time , make arrangement with respect to date, time, notice, management and adjournment of its meetings as is thinks fit. Such meetings shall be held at least once in every three months;

Provided that when the Chairman, in consultation with the Secretary or Chief Executive Officer, decides that an emergency meeting of the Board should be called in the interest of the Board, fix date, time and place for the same.

(2) The Chairman shall preside over the meeting of the Board and in his absence the Vice-Chairman and in the absence of both, the member elected in the meeting from among the members shall preside.

(3) All questions at a meeting of the Board shall be decided by the majority of the votes of the members present and voting; and in the case of any equality of votes, the Chairman or in his absence the Vice-Chairman and in absence of both the member presiding, shall have a second or casting vote.

(4) The proceedings of the meeting of the Board shall be forwarded to the Government and relevant extracts sent to the Khadi and Village Industries Commission within fifteen days of every meeting.

Term of office and conditions of services of the Chairman, Vice-Chairman, Secretary and other members of the Board.

12. The term of office and the terms and conditions of services of the Chairman, the Vice-Chairman, the Secretary and other members of the Board shall be such as may be prescribed.

Power and duties of the Secretary.

13. The Secretary shall exercise such powers and discharge such duties as may be prescribed or as may, from time to time, be delegated to him, by the Government or by the Chairman.

14. (1) The Board may appoint such members of the staff as it may consider necessary.

(2) The remuneration, allowances and other conditions of services of the members of the staff of the Board shall be such as may be determined by the Board.

Standing Finance Committee.

15. The Board may constitute from among the members of the Board a Standing Finance Committee relating to finances of the Board.

Appointment of other committees.

16. The Board may, from time to time, appoint 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 Khadi or any particular Village Industry. Such Committees may be appointed for any particular area or areas.

### CHAPTER III

#### Functions and Powers of the Board

Functions and Powers of the Board.

17. (1) It shall be the duty of the Board to encourage, organise, develop and regulate Khadi and Village Industries and perform such functions as the Government may prescribe from time to time.

(2) Without prejudice to the generality of the provisions of sub-section (1) the board shall 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 same purposes; 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, emporia or exhibition and to take similar measures for the purposes;
- (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 Government may direct for the purpose of carrying out the objects of this Act.

General powers of the Board.

18. The Board shall, for the purpose of carrying out its functions under this act, have the following powers, namely-

- (i) to acquire and hold such movable and immovable property as it deems necessary and to lease, sell or otherwise transfer any such property;

Provided that any lease, sale/mortgage, hypothecation or other transfer to any persons or authority other than the Khadi and Village Industries Commission of any immovable property belonging to the Board shall be null and void unless it is sanctioned by the Government.

- (ii) to incur expenditure and undertake any work in any area in the State for the framing and execution of such schemes as it may consider necessary for the purpose of carrying out the provisions of this Act, or as may be entrusted to it by the Government;

- (iii) to borrow money from the Khadi and Village Industries Commission and also to hypothecate or mortgage properties as securities against the loans;

- (iv) to write off minor irrecoverable losses as provided for under Section 35 of this Act.

Power to make contracts.

19. (1) 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 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, Secretary or Chief Executive Officer.

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

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

Powers of the Khadi and Village Industries Commission to give directions.

20. In the performance of its functions under this Act, the Board shall be bound by such direction as the Khadi and Village Industries Commission may give to it from time to time in the implementation of Schemes financed by the Commission.

## CHAPTER IV

### Programmes or schemes of work

Preparation and submission of programmes.

21. (1) In each year, on such date as may be fixed by the Government, the Board shall prepare and forward to the Government a programme.

(2) The programme shall contain-

- (a) Particulars of the Schemes 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 purpose of carrying out its functions under this Act; and
- (c) Such other particulars as may be prescribed.

Sanction of programme.

22. The Government may in consultation with the Khadi and Village Industries Commission, approve and sanction the programme in whole or part or with such modification as it deems fit.

Supplementary programmes.

23. The Board may prepare and forward a supplementary programme for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions of section 22 shall apply to such supplementary programme.

Power of the Board to alter schemes.

24. The Board may, with the previous approval of the State Government, make any alteration in any scheme so long as the aggregate amount sanctioned for the scheme is not exceeded. A report of the alteration shall be sent to Khadi and Village Industries Commission in such form and within such time as may be prescribed.

## CHAPTER IV

### Finance, Accounts, Audit and Reports

Transfer of property

25. The State Government may transfer to the Board buildings, land or any other property, whether movable 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.

Funds of the Board.

26. (1) The Board shall have its own fund and all receipt of the Board shall be credited thereto, and all payments by the Board shall be met therefrom.

(2) The Board may accept grants, subventions, donations and gifts and receive loans from Government or a local authority or anybody or association, whether incorporated or not, or an individual for all or any of the purposes or this Act. It may also create reserves for irrecoverable losses and losses in direct trading activities.

(3) All moneys belonging of the fund of the Board shall be deposited in a Government Treasury or the State Bank of India, or the Meghalaya Co-operative Apex Bank Ltd., or any other Bank, approved by the Government;

Provided that it will not be necessary for all the moneys to be kept in any one Bank or Treasury.

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

Application of  
Fund and property.

27. All property, fund and other assets of the Board shall be held and applied by it subject to the provisions and for the purposes of this Act.

Subventions and loans to  
the Board.

28. (1) The Government may, from time to time, make subvention and grants to the Board for the purpose of this Act on such terms and conditions as the Government may determine in each case. Establishment expenditure of the State Board will be the sole responsibility of State Government. Similarly, it may grant subvention compensating irrecoverable debts.

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

Provided that the previous sanction of the Government shall not be necessary to borrow any sum from the Khadi and Village Industries Commission

Budget.

29. (1) The Board shall, by such date, in each year, as may be prescribed, prepare and submit to the Government for approval the budget in the prescribed form for the next financial year showing the estimated receipts and expenditure in respect of Khadi and Village Industries respectively during that financial year. The board shall forward a copy of the budget to the Khadi and Village Industries Commission for information and comments, if any.

(2) Subject to the provisions of sub-sections (3) and (4) , no sum shall be expended by or on behalf of the Board unless such expenditure is covered by a specific provision in the budget approved by the Government.

(3) The Board may, within the respective limits of the budget, sanction any reappropriation from one head of expenditure to another or from a provision made for one scheme to that in respect of another:

Provided that no reappropriation from the head "Loan" to any other head of expenditure and *vice versa* in the budget shall be sanctioned by the Board except with the previous approval of the Government and the Khadi and Village Industries Commission.

(4) The Board may within such limits and subject to such conditions as may be prescribed incur expenditure in excess of the limit provided in the budget approved by the Government under any head of expenditure or in connection with any particular scheme so long as the aggregate amount in either budget approved by the Government is not exceeded.

Supplementary  
Budget.

30. The Board may submit a Supplementary budget for the sanction of the Government in such form and before such date as the Government may prescribe and the provision of section 29 shall apply to such supplementary budget.

Annual Report.

31. (1) The Board shall prepare and forward to the Government in such manner as may be prescribed an annual report within three months from the end of the financial year giving a complete account of its activities during the previous financial year along with a copy of the annual statement of accounts referred to in section 33.

(2) The Board shall prepare and forward to the Khadi and Village Industries Commission an annual report within three months from the end of the financial year giving a complete account of the funds received by the Board from the said Commission and the activities carried on by the Board from and out of such fund during the previous financial year.

(3) The report received by the Government under sub-section (1) shall be laid before the State Legislature as soon as may be after it is received by the Government.

Returns and Reports.

32. (1) The board shall furnish to the Government and the Khadi and Village Industries Commission at such time and in such form and manner as may be prescribed or as the Government may direct, such returns and statements and such particulars in regard to any proposed or existing programme for the promotion and development of Khadi and Village Industries as the 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 Government a report in such form and before such date as may be prescribed, giving true and full account of its activities policy and programme during the previous year.

Accounts and  
Audit

33. (1) The Board shall cause proper accounts and other records in relation thereto to be kept, including a proper system of internal check and prepare an Annual Statement of Accounts including the Profit and Loss Account and the Balance Sheet in such form as may be prescribed by the State Government in consultation with the Comptroller and Auditor-General of India.

(2) The Accounts of the Board shall be audited by the Comptroller and Auditor-General of India or by such person as he may authorise in this behalf and any expenditure incurred by him in connection with such audit shall be payable by the Board to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person authorised by him in connection with the audit of the accounts of the Board shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General of India has connection with the audit of Government accounts and in particular shall have the right to demand the production of books of accounts, connected vouchers and other documents and papers, and to inspect any of the offices of the Board.

(4) The Accounts of the Board as certified by the Comptroller and Auditor-General of India or any other person authorised by him in this behalf together with the Audit Report thereon shall be forwarded annually to the State Government and that Government may issue such instructions to the board in respect thereof as it deems fit and the Board shall comply with such instructions.

(5) The State Government shall –

- (a) cause the accounts of the Board together with the Audit Report thereon forwarded to it under sub-section (4) to be laid annually before the State Legislature; and
- (b) cause the accounts of the board to be published in the prescribed manner and make available copies thereof on sale at a reasonable price.

Recovery of  
Arrears

34. If any amount due to the Board in accordance with the terms of a contract or otherwise or any sum payable in connection therewith, has not been paid, the Board may without prejudice to any other remedy provided by law, recover such amount or sum as arrears of land revenue.

Power to  
write off  
losses.

35. The Board shall be competent to write off losses upto Rs.500 in individual cases and not exceeding Rs.5,000 in the aggregate in any financial year in cases failing under all or any of the following categories:-

- (a) loss of irrecoverable value of stores or of public money due to theft, fraud or such other cause;
- (b) loss of irrecoverable advance other than loans; and
- (c) deficiency and depreciation in the value of stores.

Dissolution of the  
Board

36. (1) If at any time the Government are satisfied that –

- (a) the Board has without reasonable cause or excuse made default in the discharge of its duties or in the performance of its functions imposed or entrusted by or under this Act, or exceeded or abused its powers, or

(b) circumstances have so arisen that the Board is rendered unable, or may be rendered unable, to discharge its duties or perform its functions under this Act, or

(c) it is otherwise expedient or necessary to dissolve the Board,

the Government may, by notification, dissolve the Board for such period as may be specified in the notification and declare that the duties, powers and functions of the Board shall during the period of its dissolution, be discharge, exercised and performed by such person or authority, as may be specified in the notification:

Provided that the Government shall, before dissolving the Board, give reasonable opportunity to it to show cause against the proposed action.

(2) The Government shall before the expiration of the period of dissolution, reconstitute the Board in accordance with the provisions of section 3 and 4.

(3) The Government may make such, incidental and consequential provision as may appear to them to be necessary for giving effect to the provision of this section.

(4) Any notification issued or order made by the Government under this section shall not be questioned in any court of law.

(5) On the Board being dissolved under sub-section (1) –

(i) 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.

(ii) all members, with effect from the date of the notification under sub-section (1), shall vacate and be deemed to have vacated office as members of the Board, and

(iii) 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.

## CHAPTER VI

**Miscellaneous**

Member of the Board and Officers and Servants of the Board to be public servants.

37. Members of the Board and Officers and servants 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 29 of the Indian Penal Code.

Protection of action taken under this act.

38. No suit, prosecution or other legal proceedings shall lie against the State Government, the Board or an officer or person for anything which is in good faith done or purported to be done by or under this Act.

Power to make Rules

39. (1) The Government may, by notification, make rules, to give effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing powers, such rule s may provided for all or any of the following matters, namely-

- (a) the place at which the office of the Board shall be located;
- (b) the term of office of and the manner of filling casual vacancies among the members of the Board and the term and conditions of service of the Chairman, Vice-Chairman, the Secretary and the other members of the Board, including the salaries and allowances to be paid to them and travelling and daily allowances to be drawn by them;
- (c) the disqualifications for membership of the Board and the procedure to be followed for removing a member who is or becomes subject to any disqualifications;
- (d) powers and duties to be exercised and performed by the Chairman and the Vice-Chairman;
- (e) the conditions subject to which and the mode in which, contracts may be entered into by or on behalf of the Board;
- (f) constitution of the Standing Finance Committee;
- (g) the procedure to be followed in the performance of functions by members of the Board;
- (h) the powers and duties to be exercised and discharged by the Secretary, the Financial Adviser and the Executive Officer of the Board.

- (i) the date by which and the form in which the budget and the supplementary budget shall be prepared and submitted in each year under sections 29 and 30;
- (j) the procedure to be followed for placing the Board in possession of funds;
- (k) the procedure to be followed and the conditions to be observed in borrowing moneys and in granting loans;
- (l) the form and manner in which the returns, reports or statements shall be submitted under section 32;
- (m) the form and manner in which the accounts of the Board shall be maintained under section 33; and
- (n) any other matter which has to be, or may be, prescribed.

Regulations.

40. (1) The Board, with the previous sanction of the Government by notification, make regulations not inconsistent with this Act and the Rules made thereunder, for enabling it to perform its functions under this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulation may provide for all or any of the following matters, namely-

- (a) the terms and conditions of appointment and service and the scales of pay of Officers and servants of the Board other than the Secretary including the payment of travelling and daily allowances in respect of journeys undertaken by such Officers and servants for the purposes of this Act;
- (b) the time and place of meetings of the Board, 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;
- (c) functions of committees and the procedure to be followed by such committees in the discharge of their functions;
- (d) the delegation of powers and duties to the Standing Finance Committee, Secretary or any employees of the board;
- (e) the maintenance of minutes of meeting of the Board and transmission of copies thereof to the Government and the Khadi and Village Industries Commission;
- (f) the persons by whom and the manner in which payments, deposits and investments may be made on behalf of the Board.



(g) the custody of moneys required for the current expenditure of the Board and investment of moneys not so required; and

(h) the maintenance of accounts;

(3) The Government may, by notification, rescind any regulations made under this section and thereupon, the regulation shall cease to have effect.

Repeal of  
Assam Act 16  
of 1955 as  
adapted by Meghalaya.

41. The Meghalaya Khadi and Village Industries Board Act is hereby repealed.