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GOVERNMENT OF INDIA
MINISTRY OF AGRO AND RURAL INDUSTRIES

NOTIFICATION

New Delhi, the ____ August 2006

G.S.R. - In exercise of the Powers conferred by sub-sections (1) and (2) of section 26 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956) and in supersession of the Khadi and Village Industries Commission Rules, 1957 except in respect of things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely:-

CHAPTER I

PRELIMINARY

1. Short title and commencement. – (1) These rules may be called the Khadi and Village Industries Commission Rules, 2006.

(2) These rules shall come into force from the date of their publication in the official Gazette.

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

- (a) “Act” means Khadi and Village Industries Commission Act, 1956 (61 of 1956);
- (b) “The Board” means the National Khadi and Village Industries Board constituted under section 10 of the Act;
- (c) “Chairman” means the Chairman of the Commission;
- (d) “Chief Executive Officer” means the Chief Executive Officer appointed under clause (c) of sub-section (2) of section 4 of the Act;
- (e) “Financial Adviser” means the Financial Adviser appointed under clause (d) of sub-section (2) of section 4 of the Act;
- (f) “Government” means the Central Government;
- (g) “Standing Finance Committee” means a committee constituted under section 19A of the Act;
- (h) “Individual” means an artisan or any other worker undertaking activities falling under purview of the commission and for which grants and subsidies are given.

CHAPTER II

3. Geographical Zones. - The six geographical zones of the country mentioned in clause (a) of sub-section (2) of section 4 of the Act shall be as follows:

- (i) Northern Zone : States of Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, National Capital Territory of Delhi and Union territory of Chandigarh;
- (ii) North-Eastern Zone : States of Assam, Manipur, Meghalaya, Nagaland, Tripura, Arunachal Pradesh and Mizoram;
- (iii) Central Zone : States of Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Uttaranchal;
- (iv) Eastern Zone : States of Bihar, Jharkhand, West Bengal and Sikkim;
- (v) Western Zone : States of Gujarat, Maharashtra and Goa and Union territories of Daman and Diu and Dadra and Nagar Haveli;
- (vi) Southern Zone : States of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu and Union territories of Pondicherry and Lakshadweep.

4. Members of the Commission, whether to be Full-time or Part-time.- Members appointed under clauses (a), (b) and (ba) of sub-section (2) of section 4 of the Act, except the Chairman, shall be part-time members.

5. Casual 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.

6. Salary or Honorarium and Allowances payable to Members.- (1) The Chairman and other members, excluding the ex-officio members, shall be paid such salary or honorarium and allowances from the funds of the Commission as the Government may from time to time fix.

(2) The Chairman, other members of the Commission (excluding the Chief Executive Officer and the Financial Adviser) and the Chairman of the State Bank of India or his nominee not below the rank of the Deputy Managing Director shall also be entitled to draw travelling and daily allowances for journeys performed for attending the meetings

of the Commission or for the purpose of discharging such duties as may be assigned to them by the Commission, in accordance with the rules and orders issued by the Government from time to time at the highest rate admissible to Grade I officers of the Government.

(3) The Chairman shall be entitled to a rent-free furnished residence at Mumbai or such other place where the office of the Commission may be located. The scale of furnishing the residence shall be as fixed by the Government from time to time.

(4) Notwithstanding anything contained in sub-rules (1), (2) and (3) above, the Chairman or any other member of the Commission (excluding the ex-officio members), who is a member of Parliament or of the State Legislature, shall not be entitled to any remuneration other than the allowances as defined in clause (a) of section 2 of the Parliament (Prevention of Disqualification) Act, 1959 or, as the case may be, other than the allowances, if any, which a member of the Legislature of the State may, under any law for the time being in force in the State relating to the prevention of disqualification for membership of the State Legislature, receive without incurring such disqualification.

7. Power to Appoint.- The Commission may appoint officers and other employees as it considers necessary for the efficient performance of its functions, with prior approval of the Central Government regarding creation of posts and filling of vacancies, in accordance with the Government instructions in this regard.

8. Office of the Commission.- The office of the Commission shall be located at Mumbai or such other place as the Government may from time to time direct.

9. Constitution of Standing Finance Committee.- (1) The Commission shall constitute, by a resolution, the following Standing Finance Committees:

- (i) Standing Finance Committee (Khadi)
- (ii) Standing Finance Committee (Village Industries)
- (iii) Standing Finance Committee (General and Miscellaneous)

(2) Each Committee shall consist of a Chairman, three members from among the members of the Commission appointed in accordance with clauses (a), (b) and (ba) of sub-section (2) of section 4 of the Act, the Chief Executive Officer and the Financial Adviser of the Commission.

(3) The Chairman or, in his absence, any member chosen by the members present, from among themselves, excepting the ex-officio members, shall preside over the meetings of the Committee.

(4) Each Committee shall, taking into account the recommendation of the Chief Executive Officer in this behalf, appoint one of the officers of the Commission to perform the duties of its Secretary.

CHAPTER III

POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

10. Powers of the Chairman.- (1) The Chairman shall preside over the meetings of the Commission.

(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 Commission as early as practicable; and
- (b) issue directions as to the method of carrying out the decisions of the Commission.

11. Duties and Powers of the Chief Executive Officer in regard to Meetings of the Commission.- (1) In addition to the duties and powers specified in the Act, the Chief Executive Officer shall discharge such duties and exercise such powers as may be assigned and delegated to him by the Commission for the purposes of the Act and these rules, including the following duties and powers:

- (i) convening of meetings of the Commission under the direction of the Chairman;
- (ii) drawing up agenda for each meeting under the Chairman's directions and supplying the same to each member of the Commission along with the notice of the meeting; and
- (iii) maintenance of the minutes of the meeting of the Commission

(2) The Chief Executive Officer shall keep a record of the members of the Commission and their addresses. If a member changes his address, he shall communicate his new address to the Chief Executive Officer who shall thereupon enter his new address in the record. If the member fails to communicate his new address, the address on the official record shall for all purposes be deemed to be the member's address.

12. Duties and Powers of the Chief Executive Officer in regard to Administration of the Commission.- Subject to the general superintendence, direction and management of the Commission, the Chief Executive Officer shall be responsible for the furnishing of all returns, reports and statements of the Commission, as required to be furnished to the Government under section 24 of the Act, and discharging the duties and exercising the powers, including the following, namely, -

- (a) to co-ordinate, supervise and control the work of all departments, establishments, officers and staff of the Commission;
- (b) to implement the decisions taken by the Commission;
- (c) to administer the Contributory Provident Fund and/or General Provident Fund of the Commission;

- (d) to sanction expenditure on contingencies, supplies and services and purchase of articles required for the working of the Commission and for execution of measures in furtherance of the objects of the Act, subject to necessary provisions in the budget and to the extent of powers further delegated to him by the Commission from time to time;
- (e) to examine, in consultation with the Financial Adviser, applications for assistance (both grants and loans) and place them before the Commission for sanction;
- (f) to conduct or cause to be conducted periodical reviews of all schemes of the Government implemented by the Commission and of the schemes approved by the Commission and bring to the notice of the Government, after consideration by the Commission, the findings of such reviews and the plan of corrective action, where necessary;
- (g) to receive and place before the Commission the reports and recommendations of the Zonal Committees, along with the observations of the Financial Adviser and his own observations thereon, for consideration and directions of the Commission;
- (h) to prepare or cause to be prepared the Annual Report, Performance Budget, Outcome Budget and other documents, as specified by the Government from time to time, and place them before the Commission for its consideration and further to submit them to the Government by the due dates; and
- (i) to discharge such other duties and exercise such other powers as may be assigned to and delegated to him by the Commission.

13. Duties and Powers of the Financial Adviser.- (1) Subject to the provisions of section 5(A) of the Act, the Financial Adviser shall be in charge of all financial matters of the Commission, including its budget, accounts and audit and shall discharge such other duties and exercise such other powers as may be delegated to him by the Commission, including the following duties and powers, namely, -

- (a) to advise the Commission on all matters relating to receipts and expenditure; and
- (b) to frame or cause to be framed the annual budget and the supplementary budget estimates of the Commission, maintain or cause to be maintained an account of receipts and expenditure of the Commission, prepare or cause to be prepared statements of accounts and conduct or cause to be conducted necessary internal audit of the expenditure made out of the funds of the Commission.

(2) The Financial Adviser shall have the duty and the right to record his views on every proposal involving expenditure from the funds of the Commission prior to the consideration and approval of such proposal by the Standing Finance Committee or by the Commission.

(3) The Financial Adviser shall also have the duty and the authority to advise the Commission and Standing Finance Committees that a particular decision affecting the general financial policy of the Government should be referred to the Government for consideration.

(4) The Financial Adviser shall maintain or cause to be maintained the account of the receipt and expenditure of the Commission in such forms and in such manner as the Central Government may direct from time to time in consultation with the Comptroller and Auditor General of India.

(5) The Financial Adviser shall ensure placement, through the Chief Executive Officer, of audit reports of the Comptroller and Auditor General of India before the Commission and follow-up action thereon and bringing to the notice of the Commission all major audit findings relating to operation of the schemes of the Government implemented by the Commission or the Commission's own schemes, along with his recommendations on corrective action or, as the case may be, compliance reports by the departments concerned of the Commission.

14. Term of office, salary and allowances of the members of the Zonal Committee.- (1) The term of office of the members of the Zonal Committee shall be co-terminus with the term of the Commission as specified in sub-section (1) of section 13 of the Act.

(2) When any member of the Zonal Committee, as specified in clause (f) of sub-section (1) of section 12A of the Act, dies or resigns or is removed from the office, the Government may, by notification in the Official Gazette, appoint a person to fill the vacancy and a member appointed to fill such 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.

(3) A member of the Zonal Committee as specified in clause (f) of sub-section (1) of section 12 A of the Act may resign from his office by a letter addressed to Government through the Chairman of the Zonal Committee who shall, with prior information to the Chairman of the Commission, forward it to the Government within ten days of its receipt. The office of such member shall fall vacant from the date on which his resignation is notified in the Official Gazette or on the date of expiry of twenty days from the date of receipt by the Government of the letter of resignation, whichever is earlier.

(4) (i) The member of the Zonal Committee other than the member of the Commission shall not draw any salary but shall be paid such honoraria or allowances from the funds of the Commission as may be fixed by the Government from time to time;

(ii) Members of the Zonal Committee shall be entitled to draw, from the funds of the Commission, travelling and daily allowances for journeys performed by them for the purpose of attending the meetings of the Committee or for the purpose of discharging any function of the Committee assigned to them by the Zonal Committee or the Commission from time to time according to their entitlement and, in case of members of the Zonal Committee as specified in clause (f) of sub-section (1) of section 12A of the Act, at the lowest rate admissible to Grade I officers of the Government.

(5) The Chairman of the Zonal Committee shall, –

- (i) be responsible for proper functioning of the Committee in accordance with the provisions of sub-section (4) of section 12 A of the Act;
- (ii) cause important documents and matters relating to the schemes and programmes of the Government and the Commission to be placed before the Committee at its meetings as early as possible; and
- (iii) bring to the notice of the Commission the recommendations of the Committee concerning each of its functions under sub-section (4) of section 12 A of the Act.

CHAPTER IV

THE BOARD AND ITS CONSTITUTION

15. The Board shall consist of:

1	Minister of Agro and Rural Industries.	Chairman
2	Chairman, Khadi and Village Industries Commission.	Member
3 to 4	One zonal and one expert member of the Commission - by bi-annual rotation.	Member
5	Secretary, Ministry of Agro and Rural Industries.	Member
6	Secretary, Ministry of Rural Development or his nominee not below the rank of Joint Secretary.	Member

7	Secretary, Department of Scientific and Industrial Research, Government of India or his nominee not below the rank of Joint Secretary.	Member
8	Secretary (Financial Sector), Department of Economic Affairs, Ministry of Finance or his nominee not below the rank of Joint Secretary.	Member
9	Development Commissioner for Small Scale Industries.	Member
10	Adviser (Village and Small Enterprises), Planning Commission.	Member
11	Development Commissioner for Handlooms.	Member
12	Development Commissioner for Handicrafts.	Member
13	Executive Director, National Institute of Design, Ahmedabad.	Member
14	Director General, National Institute of Fashion Technology, New Delhi.	Member
15	Chairman and Managing Director, Small Industries Development Bank of India (SIDBI).	Member
16.	Managing Director, National Bank for Agriculture and Rural Development or his nominee not below the rank of Executive Director.	Member
17.	Chairman, State Bank of India or his nominee not below the rank of a Deputy Managing Director.	Member
18.	Director General, Council for Advancement of Peoples Action and Rural Technology.	Member
19. to 24.	Secretaries in-charge of Khadi and Village Industries of State Governments, one from each zone by annual rotation.	Member
25 to 30	Chairpersons of State Khadi and Village Industries Boards, one from each zone by annual rotation.	Member

31 to 33	Three Members of Parliament – two from Lok Sabha and one from Rajya Sabha, to be elected by the respective Houses.	Member
34 to 39	Six representatives of reputed institutions operating in the field of khadi and village industries.	Member
40 to 41	Two representatives of micro finance institutions (MFIs) that are represented nationally and are working in rural areas.	Member
42 to 47	Six persons, one from each zone, to be nominated by the Government from among persons having knowledge and experience in matters relating to the development of khadi and village industries.	Member
48	Additional Secretary and Financial Adviser, Ministry of Agro and Rural Industries.	Member
49	Joint Secretary, Ministry of Agro and Rural Industry.	Member
50	Financial Adviser, Khadi and Village Industries Commission.	Member
51	Chief Executive Officer, Khadi and Village Industries Commission.	Member-Secretary

16. Meetings of the Board.- (1) Eighteen members of the Board shall form a quorum for a meeting of the Board.

(2) If at any meeting of the Board there is no quorum, the Chairman at such meeting shall adjourn the meeting to another date, and the business at such an adjourned meeting may be disposed of irrespective of the number of members attending the adjourned meeting.

Provided that the adjourned meeting shall be fixed for a date not less than seven days later and that all the members are informed of the date, time and place of such adjourned meeting.

17. Term of Office.- (1) Save as hereinafter provided, a member of the Board, other than a member of the Commission shall hold office for such period not exceeding three years as may be specified in the notification of his appointment published in the Official Gazette and shall be eligible for re-appointment.

(2) The Government may remove from office any such member of the Board:

- (a) if he is found to be a lunatic or a person of unsound mind; or
- (b) if he has been adjudged insolvent; or
- (c) if he has been convicted of an offence involving moral turpitude; or
- (d) if, in the opinion of the Government, he has failed or is unable to carry out his duties, so as to render his removal necessary; or
- (e) if he absents himself from three consecutive meetings of the Board without leave of the Board; or
- (f) if he has any financial interest in any subsisting contract made with or in any work being done for the Commission except as shareholder (other than a Director or Managing Agent) in a company as defined in section 3 of the 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.

18. Casual Vacancies.- (1) When any such member of the Board 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 under sub-rule (1) 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.

19. Membership roll.- (1) The Chief Executive Officer shall keep or cause to be kept a record of the names of the members of the Board and their addresses.

(2) If a member of the Board changes his address, he shall notify his new address to the Chief Executive Officer who shall thereupon enter his new address, but if he fails to notify his new address, the address in the official record shall for all purposes be deemed to be the member's address.

20. Resignation.- A member of the Board other than a member of the Commission may resign his office by a letter addressed to the Government through the Chairman of the Commission who shall forward it to the government within ten days of its receipt. The office of such member shall fall vacant from the date on which his resignation is notified in the Official Gazette or on the date of expiry of twenty days from the date of receipt by the Government of the letter of resignation whichever is earlier.

21. Honorarium and Allowances.- (1) The members of the Board, other than members of the Commission, shall be paid such honoraria or allowances from the funds of the Commission as the Government may from time to time fix.

(2) Such members of the Board shall be entitled to draw from the funds of the Commission, travelling and daily allowances for journeys performed by them for the purpose of attending the meetings of the Board or for the purpose of discharging any functions of the Board assigned to them by the Board or the Commission from time to time, at the highest rate admissible to Grade I officers of the Government.

(3) Notwithstanding anything contained in sub-rules (1) and (2), a member of the Board who is also a member of Parliament or of the Legislature of a State shall not be entitled to any remuneration other than compensatory allowance as defined in clause (a) of section 2 of the Parliament (Prevention of Disqualification) Act, 1959 or, as the case may be, other than the allowances, if any, which a member of the Legislature of the State may, under any law for the time being in force in the State relating to the prevention of disqualification for membership of the State Legislature, receive without incurring such disqualification.

CHAPTER V

BUDGET, ACCOUNTS AND AUDIT

22. Preparation and submission of annual estimates.- (1) The budget estimates of the Commission for every financial year beginning on the 1st day of April and ending on 31st day of March following shall be prepared or caused to be prepared by the Financial Adviser sufficiently in advance of the date fixed in sub-rule (4) in accordance with sub-rule (6).

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

(3) The Commission 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 fixed by a resolution of the Commission.

(4) The budget estimates as approved by the Commission shall be submitted to the Government by the 15th of October:

Provided that the Government may, on the request of and for sufficient reasons reported by the Commission, extend the date of submission of the budget estimates by such period not exceeding fifteen days as the Government may think fit.

(5) Subject to such orders as may be issued by the Government from time to time, no expenditure shall be incurred until the budget is sanctioned by the Government and expenditure authorised by the authority mentioned in rule 9 or, as the case may be, rule 12.

(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:

- (a) Khadi Industries;
- (b) Khadi Industries (Science and Technology);
- (c) Interest Subsidies – Khadi;
- (d) Village Industries;
- (e) Village Industries (Science and Technology);
- (f) Interest Subsidies – Village Industries;
- (g) Rural Employment Generation Programme;
- (h) Khadi Loan;
- (i) Village Industries Loan;
- (j) Scheme of Fund for Regeneration of Traditional Industries;
- (k) Administrative Expenses; and
- (l) Such other heads or sub-heads as the Government may direct.

23. 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 Commission shall submit for approval to the Government supplementary estimates in such form and on such dates as the Government may by order from time to time direct.

24. Accounts of the Commission.- The accounts of the Commission shall be maintained in such forms and in such manner as the Central Government may direct from time to time in consultation with the Comptroller and Auditor General of India.

25. Preparation of accounts and their production before audit.- Within three months after the end of each financial year the annual accounts showing the financial results of the Khadi Fund and Village Industries Fund shall be prepared with such subsidiary accounts as may be necessary and in such forms as may be prescribed by the Government in consultation with the Comptroller and Auditor General of India and placed before the Commission. These accounts authenticated by affixing the common seal and duly passed by the Commission shall be submitted to the Government and the audit officer appointed by the Comptroller and Auditor-General, normally by the end of October.

Provided that, on the request of the Commission the Government may, in consultation with the Comptroller and Auditor-General, extend the date of submission of the accounts by such period as the Government may think fit.

26. Impropriety and Irregularity in Accounts.- (1) The Audit Officer shall furnish the Commission 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 Commission.

(2) The Commission shall forthwith remedy any 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 Commission and the Audit Officer or if the Commission 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 on reference specifically made therefor by the Audit Officer shall, in consultation with the Comptroller and Auditor General pass such orders thereon as it thinks fit and the Commission shall thereafter take action in accordance therewith within such time as may be specified by the Government.

27. Publication of annual accounts.- An abstract statement of annual receipts and expenditure shall be published in the Gazette of India and on the official website of the Commission.

28. Placing the funds at the disposal of the Commission.- (1) After the budget relating to the Commission has been approved by the Government, and after due appropriation has been made by Parliament by law in this behalf, the Government will place the funds at the disposal of the Commission under the following heads, namely,-

- (a) Khadi Industries;
- (b) Khadi Industries (Science and Technology);
- (c) Interest Subsidies – Khadi;
- (d) Village Industries;
- (e) Village Industries (Science and Technology);
- (f) Interest Subsidies – Village Industries;
- (g) Rural Employment Generation Programme;
- (h) Khadi Loan;
- (i) Village Industries Loan;
- (j) Scheme of Fund for Regeneration of Traditional Industries; and
- (k) Administrative Expenses.

CHAPTER VI

RECOVERY OF MONIES DUE TO THE COMMISSION

29. Notice of proposal for recovery of monies due as arrears of land revenue.- (1) Where any sum is payable to the Commission under any agreement, express or implied, or otherwise howsoever, the Commission may cause a notice to be served on the person liable to pay the sum directing him to pay the sum stated therein.

(2) Where the person on whom a notice is served under sub-rule (1) disputes his liability to pay the sum stated in the notice, he may, within thirty days of the receipt of the notice make a representation to that effect to the Commission.

(3) If, within the period referred to in sub-rule (2) the person on whom a notice is served under sub-rule (1) neither pays the sum stated in the notice nor makes representation to the Commission under sub-rule (2), the Commission may request the Collector within whose jurisdiction its office is situated to take such action as may be necessary for recovering the sum as arrears of land revenue.

(4) If in the course of proceedings taken against a person for recovery of any sum requested to be recovered under sub-rule (3), such person denies his liability to pay the sum or any part thereof, the authority before which such proceedings are pending shall forthwith send a notice of such denial to the Commission.

30. Request for constitution of a Tribunal under section 19-B and for reference of question as a denial of liability to such Tribunal.- (1) On receipt of a representation under sub-rule (2) or a notice under sub-rule (4), of rule 29, the Commission shall forward a copy of such representation or, as the case may be, of the notice to the Central Government with a request that a Tribunal may be constituted for determining the question as to denial of liability to pay to the Commission as made in such representation or referred to in such notice.

(2) On receipt of a request under sub-rule (1) the Central Government may constitute a Tribunal in accordance with the provisions of section 19B of the Act and refer the question mentioned in such request to the Tribunal for decision.

(3) The Tribunal so constituted shall, after making such inquiry as it may deem fit and after giving to the person denying liability and the Commission a reasonable opportunity of being heard and after considering such evidence as may be produced by such person and the Commission, decide the question whether and, if so, what sum is payable by such person to the Commission within three months from the date of publication in the Official Gazette of the notification, notifying the constitution of the Tribunal.

(4) A copy of the decision of the Tribunal shall be forwarded to:

(a) the Commission, where the decision of the Tribunal is in respect of a representation made under sub-rule (2) of rule 29, and if the decision declares any sum as payable to the Commission, the Commission may take action for having the sum recovered as an arrear of land revenue;

(b) the authority by which such notice was issued, where the decision of the Tribunal is in respect of denial of liability referred to in a notice under sub-rule (4) of rule 29, for disposal of the proceedings concerned in accordance with such decision.

CHAPTER VII

MISCELLANEOUS

31. Contracts.- (1) The Commission may, in connection with its trading and other activities, enter into contracts provided provision therefor exists in the sanctioned budget.

(2) The Commission may authorise the Chief Executive Officer, the Financial Adviser or taking into account the recommendation of the Chief Executive Officer in this behalf any other officer of the Commission, such powers of entering into contracts on its behalf as it may think fit.

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

(4) Any person authorized under sub-rule (2) to enter into contracts on behalf of the Commission 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 moneys at the disposal of the Commission.

32. Power to sanction grants and subsidies.- (1) The Commission shall disburse grants and subsidies 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 Commission, modify or supersede the financial rates and terms previously sanctioned.

(2) The Commission 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 State Government;
- (b) a Board established under any law for the time being in force for the development of khadi and village industries;
- (c) a society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any State;
- (d) a Co-operative Society registered under the Co-operative Societies Act 1912 (2 of 1912) or under any other law for the time being in force in any State;
- (e) a gram or village panchayat, a panchayat samiti, a municipality, a zilla parishad or any similar body established under any State law for the time being in force;
- (f) an authority set up under any law for the time being in force relating to bhoodan or gramdan;
- (g) a trust created for purposes of a charitable or religious nature;
- (h) 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.50, 000 in any one case and to an institution, it should not exceed Rs.15,00,000 in any one case. The ceiling of Rs.50,000 for an individual and Rs.15,00,000 for an institution may, however, be exceeded with prior approval of Government;
- (i) a specified agency as defined in the Explanation to section 15 of the Act; and
- (j) any other individual, authority or body, in accordance with the approved pattern and within the ceilings communicated by the Commission to Government.

33. Power to grant loans.- (1) The Commission 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 Commission shall not be competent to modify, amend or otherwise vary the provision of the loan rules.

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

34. Power to borrow.- The Commission may, with the previous sanction of the Government, borrow on the security of its funds or assets for the purposes specified in section 21 of the Act.

35. Power to write off losses.- (1) The Commission may, after prior consultation with the Financial Adviser, write off losses up to Rs.20,000 falling under category (a) and Rs. 10,000 for categories (b) and (c) below, -

- (a) irrecoverable losses of stores or of public money due to theft, fraud or negligence;
- (b) loss of revenue or irrecoverable loans and advances; and
- (c) deficiencies and depreciation in the value of stores.

(2) The Commission shall take suitable action against the persons responsible for the loss and shall also send to the Government a detailed report together with the action taken against the persons, if any, responsible for the loss. The cases involving losses not exceeding Rs.5, 000 shall not be reported to the Government unless there are in any case important features which merit detailed investigation and consideration.

Exception: Nothing contained in this rule shall apply to losses occasioned by irrecoverable loans. Sanction of the Government shall be obtained before such losses are written off.

(3) The Commission, the Chief Executive Officer and any other officer duly authorised by the Commission may, after prior consultation with the Financial Adviser, write off losses up to an amount indicated below against each falling under any or all of the categories mentioned under sub-rule (1) above -

(a)	Commission	Up to Rs. 20,000
(b)	Chief Executive Officer	Up to Rs. 10,000
(c)	Any other officer, not below the rank of a Deputy Chief Executive Officer	Up to Rs.5,000

36. Custody of Common Seal.- The Common seal of the Commission shall remain in the custody of the Chief Executive Officer of the Commission.

CHAPTER VIII

STATISTICS, REPORTS AND RETURNS

37. Reports.- The annual report to be submitted by the Commission to the Government under sub-section (2) of section 24 of the Act regarding its activities during the previous financial year shall be submitted before 15th November every year and it shall be in such form as the Government may, from time to time, direct.

38. Periodical returns.- The Commission shall submit such periodical returns to the Government and to such other authority as it may specify. The returns shall be in such form as the Government may, from time to time, direct.

39. Power to obtain supplementary report or information.- Notwithstanding anything contained in rules 32 and 33 the Government may require special reports from the Commission and lay down the manner and the form in which such reports shall be made or may require from the Commission answers to questions upon which the Government may need information. The Government may also require the Commission to furnish a true copy of each or any contract, agreement, understanding or arrangement between the Commission and any other party.

[F. No. 4(26)/KVI-I]

S/d-
(SESH KUMAR PULIPAKA)
JOINT SECRETARY TO THE GOVERNMENT OF INDIA