THE KARNATAKA KHADI AND VILLAGE INDUSTRIES ACT, 1956.

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STATEMENT OF OBJECTS AND REASONS

I

Act 7 of 1957.— Not available.

II

Amending Act 25 of 1958.—At the time when the Mysore Khadi and Village Industries Bill was introduced in the Legislative Assembly, the corresponding Board at the Centre known as the All India Khadi and Village Industries Board, was in existence. The All India Khadi and Village Industries Board has since been made a statutory body and is known as the Khadi and Village Industries Commission. As the Mysore State Khadi and Village Industries Act makes a reference to the All India Khadi and Village Industries Board, a few verbal changes are found necessary in the Act so as to incorporate in the State Act the expression „Khadi and Village Industries Commission‟ wherever the expression „All India Khadi and Village Industries Board‟ appears. Hence the Bill.

(Notification No. LC 272 dated 1st May 1958. Obtained from file No. LAW 2 LGN 57.)

III

Amending Act 9 of 1973.—The Khadi and Village Industries Commission, Bombay, has been requesting the State Government to appoint a Financial Adviser and Chief Accounts Officer preferably from the Indian Audit and Accounts Service Cadre in the Mysore State Khadi and Village Industries Board. The appointment of such an officer is necessary for the proper maintenance of the accounts of the Board. A Financial Adviser and Chief Accounts Officer has been appointed in the Khadi Boards of many other States. Under section 9 (2) of the Mysore Khadi and Village Industries Act, 1956 there is provision only for the appointment of an Accounts Officer by the State Government from among its officers. The proposed amendment to the Act is to facilitate the appointment of a Financial Adviser and Chief Accounts Officer from among the officers of either the Central Government or the State Government. It is proposed to provide for this by suitable amendments to sections 9 and 31 (2) (i) of the Act.

2. The Khadi and Village Industries Commission grants loans to the State Board which in turn advances funds to registered institutions. There is no provision in the Act to recover the dues as arrears of land revenue. The Commission has suggested that provision be made in the Act for this purpose as has been done in the Bombay Khadi and Village Industries Act. The Bill proposes to provide for this by insertion of a new section 22A to the Act.

3. (i) The Khadi and Village Industries Commission advances funds by way of grant and loans to the State Khadi and Village Industries Boards for implementation of the Khadi and Village Industries programme in the States. These advances are made in the bona fide belief that
the State Boards being creations of the State Legislature are the responsibility of the State Government and as such the advances made by the Commission to the State Boards which are deemed to have the full financial backing of the State Governments are as secure as advances made to the State Government.

(ii) As a result of the situation arising out of the recent dissolution of the Orissa Khadi and Village Industries Board, the Khadi and Village Industries Commission desires the State Government to ensure the security of the funds advanced by the Commission to the Mysore Board for the development of Khadi and Village Industries in this State.

(iii) The Khadi and Village Industries Commission is a service agency assisting the State Board in developing Khadi and various Village Industries in the State and the Commission, therefore, desires that the funds advanced by them to the State Board may be made secure for continuing development of the industries in the State. The Commission has also intimated that the Government of West Bengal have recently decided to incorporate appropriate provisions in their Act, for this purpose.

(iv) The Bill proposes to provide for this in the Mysore Khadi and Village Industries Act, 1956 by insertion of new section 30A in the Act.

4. The Committee on Subordinate Legislation recommended in its VII Report that the Mysore Khadi and Village Industries Act, 1956 may be amended making provisions for laying before the Legislature the rules framed under the Mysore Khadi and Village Industries Act, 1956. Under the existing Act; there is no such provision to place the rules before each

In the Andhra Pradesh, Tamilnadu and Bombay Khadi and Village Industries Acts, there is a provision to place the rules issued under the Acts before their State Legislatures. Besides in the Khadi and Village Industries Commission Act 1956, there is a provision to place all the rules issued under that Act before both Houses of Parliament.

It is proposed to make similar provision in the Mysore Act by adding sub-section (3) to section 31 of the Act.

(Published in the Karnataka Gazette (Extraordinary), Part IV-2A, dated 19-10-1972, as No. 415, at page. 5-6.)

IV

Amending Act 16 of 1978.—There is no provision in the Act for grant of leave to the Chairman and for making in-charge arrangement during the leave period. It is considered necessary to provide for the same.

According to the existing provision, the State Government can appoint upto 15 Members on the Board, which will no doubt, become unwieldy. It was considered necessary to restrict the maximum number to nine.

Power is being taken to prescribe the term of office and conditions of service of the Chairman and Members.

Provisions are made for filling up of casual vacancies and empowering the Board to raise loans from Banks.

As the Karnataka Legislative Council was not in Session and as the matter was urgent an Ordinance was promulgated. This Bill seeks to replace the said Ordinance.

(Notification LA 14/1978. Obtained from file No. LAW 23 LGN 78.)

V

Amending Act 21 of 1983.—A decision was taken to extend pensionary benefits to employees of the Karnataka State Khadi and Village Industries Board by making necessary rules with retrospective effect. As there was no provision in the Act enabling the Government to make rules with retrospective effect and the matter was urgent, an Ordinance was issued. This Bill seeks to replace the said Ordinance.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A, dated 11-8- 1983, as No. 708, at page 10.)

VI

Amending Act 8 of 1985.—The activities and financial transactions of the Karnataka Khadi and Village Industries Board have steadily increased since its inception. Government is giving large amounts to the Board by way of grant-in-aid. With a view to enable the Board to cope up with its extended activities and to organise, develop and regulate Khadi and Village Industries in the State more effectively, it is considered necessary to appropriately broad-base the Board and to introduce other changes in its constitution and organisation by making necessary changes in the Karnataka Khadi and Village Industries Act, 1956.

As the matter was of an urgent importance, the Karnataka Khadi and Village Industries (Amendment) Ordinance, 1985 (Karnataka Ordinance No. 4 of 1985) was promulgated.

This Bill seeks to replace the said Ordinance.

Hence the Bill.

(Notification LA No. 15/1985. Obtained from file No. LAW 16 LGN 85.)

VII

Amending Act 18 of 2009.- Under Section 22-A of Karnataka Khadi and Village Industries Act, 1956, there is a provision for the defaulters of loan sanctioned by the Karnataka Khadi and Village Industries Board under various schemes to approach the Tribunal constituted by the State Government, if the question arises, as to whether a sum is payable to the Board is under dispute which is causing delay in recovery of loan. Hence, suitable amendments to the Karnataka Khadi and Village Industries Act, 1956 has been proposed.

Hence the Bill.

(LA Bill No. 29 of 2009, File No. DPAL 11 Shasana 2007)

[Entry 24 and 32 of List II of the Seventh Schedule to the Constitution of India.]

VII

Amending Act 32 of 2021.- It is considered necessary to amend the Karnataka Khadi and Village Industries Act, 1956 (Karnataka Act 7 of 1957) to reduce the number of non-official Members of the Board of Directors, from one person from each di -official members, three persons from each

revenue region, but not more than one from the same district, so as to reduce the financial burden and to carry out efficient and subject based discussions in the meetings.

Hence the Bill.

[L.A. Bill No. 30 of 2021, File No. Samvyashae 31 Shasana 2021]
[Entry 24 and 32 of List II of the Seventh Schedule to the Constitution of India.] [Published in Karnataka Gazette Extra-ordinary No. 821 in part-IVA dated: 07.10.2021]

[1][KARNATAKA][1] ACT No. 7 OF 1957.

THE [1][KARNATAKA][1] KHADI AND VILLAGE INDUSTRIES ACT, 1956.

(Received the assent of the President on the Twenty-first day of February, 1957.)
(As amended by Act 25 of 1958, 9 of 1973, 16 of 1978, 21 of 1983, 8 of 1985, 18 of 2009 and 32 of 2021.)

An Act to provide for the organising, developing and regulating of Khadi and Village Industries in the [1][State of Karnataka][1] and to constitute a Board to carry out the said object.

WHEREAS it is necessary to organise, develop and regulate Khadi and Village Industries in the [1][State of Karnataka][1] and to constitute a Board to carry out the said objects; BE it enacted by the [1][Karnataka State][1] Legislature in the Seventh Year of the Republic of India as follows:—

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

CHAPTER I

1. Short title extent, commencement and repeal.- (1) This Act may be called the [1][Karnataka][1] Khadi and Village Industries Act, 1956.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

(2) It extends to the whole of the [1][State of Karnataka][1].

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

(3) It shall come into force in such areas from such [2][dates][2] as the State Government may by notification in the [1][Karnataka Gazette][1] specify.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.
2. This Act came into force in Belgaum Area on 15.2.1959, in Gulbarga Area on 1.8.1959, & in rest of the State on 18.9.1957. Text of the notification is at the end of the Act.

(4) On the coming into force of this Act in the [1][Belgaum Area][1], the Bombay Village Industries Act, 1954 (Bombay Act No. XLI of 1954), shall stand repealed and on the coming into force of this Act in the [1][Gulbarga Area][1], the Hyderabad Khadi and Village Industries Act, 1955 (Hyderabad Act No. X of 1955), shall stand repealed. 1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

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

(i) "Board" means the [1][Karnataka State Khadi and Village Industries Board][1] constituted under section 4;

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

(ii) "khadi" means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India, or from a mixture of any two or all of such yarns; (iii) "prescribed" means prescribed by rules made under this Act;

(iv) "Regulations" means regulations made under this Act;

(v) "village industry" means the Khadi Industry and any industry specified in the Schedule to this Act.

CHAPTER II

ESTABLISHMENT AND CONSTITUTION OF THE BOARD.

3. Incorporation of the Board.- (1) With effect from such date as the State Government may, by notification in the [1][Karnataka Gazette][1] appoint in this behalf, there shall be established for the purposes of this Act, a Board by the name of the [1][Karnataka State Khadi and Village Industries Board][1].

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

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

4. Constitution of the Board.- [1][(1) (a) The Board shall consist of the following members, namely:—

[2][(i) twelve non-official members, three persons from each revenue region, but not more than one from the same district, having at least ten years of experience in the field of research or manufacture and training in the khadi sector and having working experience in a similar organisation or society, nominated by the State Government;][2]

(ii) the Additional Director of Industries and Commerce and ex-officio Additional Registrar of Co-operative Societies, Directorate of Industries and Commerce;

(iii) an officer of the Finance Department not below the rank of a Deputy Secretary nominated by the State Government;

(iv) an officer of the Department of Commerce and Industries not below the rank of a Deputy Secretary nominated by the State Government;

(v) the State Director, Khadi and Village Industries Commission;

(vi) the Financial Adviser and Chief Accounts Officer of the Board; and

(vii) the Chief Executive Officer of the Board.

(b) one of the members shall be appointed by the State Government as the Chairman of the Board.][1]

1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.
2. Substituted by Act 32 of 2021 w.e.f. 07.10.2021

(2) The Chairman, or any other member of the Board may at any time resign his office by submitting his resignation to the State Government:
Provided that the resignation shall not take effect until it is accepted.

(3) The Chairman, and other members shall receive such allowances as may be prescribed and the allowances shall be paid from the funds of the Board.

[1][(4) Subject to the pleasure of the State Government and sub-section (4A), the term of office and the terms and conditions of service of the Chairman and other members of the Board shall be such as may be prescribed.

(4A) The State Government may, from time to time grant to the Chairman such leave as may be prescribed and may appoint any other member to act for the Chairman during such leave and such member shall, while so acting, for the purposes of this Act, be deemed to be the Chairman.][1]

1. Substituted by Act 16 of 1978 w.e.f. 11.5.1978.

(5) The Chairman and other members shall be eligible for reappointment.

5. Disqualification for appointment on the Board.- A person shall be disqualified for being appointed, or for continuing, as a [1][non-official member][1] of the Board, if he,—

1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.

(a) does not wear khadi; or

(b) holds any office of profit under the Board; or

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

(d) is an undischarged insolvent or has applied for being adjudged an insolvent;

or

(e) has been convicted of an offence, which involves, in the opinion of the State Government, moral turpitude; or

(f) has directly or indirectly by himself, by his wife or son or by any partner, any share or interest in any subsisting contract or employment with, by, or on behalf of, the Board; or

(g) is a secretary or manager or other salaried officer of any incorporated company or any co-operative society which has any share or interest in any contract or employment with, by, or on behalf of, the Board:

Provided that a person shall not be disqualified under clauses (f) and (g), or be deemed to have any share or interest in any contract or employment with, by, or on behalf of, the Board, by reason only of,—

(i) his, or of the incorporated company or of a co-operative society of which he is a secretary, manager or other salaried officer, having a share or interest in any newspaper in which any advertisement relating to any affairs of the Board is inserted, or (ii) his being a share-holder of such a company or society,

if he has disclosed to the State Government the nature and extent of the share held by him from time to time.

6. Removal or suspension of a [1][non-official member][1] of the Board.- (1) The State Government may, after such inquiry as may be necessary, remove from office the Chairman or any other [1][non-official member][1], if he,—

1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.

(a) refuses to act; or

(b) has become incapable of acting;

(c) has abused his position in the Board so as to render his continuance on the Board detrimental to its interest; or

(d) fails, without such reason as may in the opinion of the State Government be sufficient, to attend three consecutive meetings of the Board; or

(e) ceases to reside in the [1][State of Karnataka][1]; or

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

(f) has since his appointment incurred any of the disqualifications specified in section 5; or

(g) is otherwise unsuitable to continue on the Board.

(2) No order of removal under sub-section (1) shall be made, unless the [1][non-official member][1] concerned has been given an opportunity to submit his explanation to the State Government:

Provided that a [1][non-official member][1] may be suspended by the State Government pending an enquiry against him.

1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.

(3) A [1][non-official member][1] who has been removed under clause (c) or (f) of sub-section (1) shall not be eligible for appointment to the Board as [1][non-official member][1] or in any other capacity.

1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.

7. Vacancy of [1][non-official members][1].- If a [1][non-official member][1] tenders his resignation in writing to the State Government, and if it is accepted by the State Government, he shall cease to be a [1][non-official member][1] from the date of such acceptance.

1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.

[2][7A. Filling of a casual vacancy.- Where a vacancy occurs on account of removal, resignation, death or otherwise of a person appointed as a [1][non-official member][1], the vacancy shall be filled by the State Government by appointment of a new [1][non-official member][1] and the person so appointed shall hold office for the remainder of the term of the [1][non-official member][1] in whose place he is appointed.][2]

1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.
2. Inserted by Act 16 of 1978 w.e.f. 11.5.1978.

8. Proceedings presumed to be good and valid.- No act or proceeding of the Board shall be invalidated merely by reason of any vacancy in its membership on account of resignation, death or removal.

9. Appointment of members of staff of Board and conditions of their service.- (1) The State Government shall [1][appoint an officer not below the rank of a Deputy Commissioner of a District to be the Chief Executive Officer of][1] the Board. 1. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.

[1][(2) The State Government may, from among officers of the Central Government or the State Government appoint a Financial Adviser and Chief Accounts Officer to the Board [2][x x x][2]][1].

w.e.f. 8.5.1973.

2. Omitted by Act 8 of 1985 w.e.f. 1.6.1984.

(3) The remuneration, allowances and conditions of service of the [1][Chief Executive Officer and the Financial Adviser and Chief Accounts Officer][1] shall be such as the State Government may specify, and their remuneration and allowances shall be paid from the funds of the Board.

(4) Subject to such rules as may be prescribed, the Board may appoint such members of the staff as it may consider necessary.

(5) The remuneration, allowances and other conditions of service of the members of the staff of the Board shall be such as may be prescribed.

10. Appointments of Committees.- Subject to any rules made under section 31, the Board may from time to time appoint one or more Committees for the purpose of securing efficient discharge of its functions and in particular for the purpose of securing that the said functions are exercised with due regard to the circumstances and requirements of any particular village industry. Such Committees may be appointed for any particular area.

11. Meeting of the Board.- The Board shall meet and shall from time to time make arrangements with respect to the date, time, notice, management and adjournment of its meetings as it thinks fit. Such meeting shall be held at least once in every two months.

12. Power to make contracts.- (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 and every contract shall be made on behalf of the Board by the Chairman:

Provided that,—

(a) no contract involving an expenditure of rupees one lakh and more shall be made without the previous sanction of the State Government,

(b) (i) no contract involving an expenditure of rupees ten thousand and more shall, subject to clause (a), be made without the previous sanction of the Board,

(ii) no estimate or tender involving an expenditure of rupees ten thousand and more shall, subject to clause (a), be sanctioned or accepted without the previous sanction of the Board.

(2) Every contract made by the Chairman 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.

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

CHAPTER III

FUNCTIONS AND THE POWERS OF THE BOARD.

13. Functions of the Board.- (1) It shall be the duty of the Board to organise, develop and regulate village industries and perform such functions as the State Government may prescribe from time to time.

(2) Without prejudice to the generality of the provisions of sub-section (1) the Board shall, subject to such regulations as may be made by it, discharge and perform all or any of the following duties and functions, namely:—

(a) to start, encourage, assist and carry on village industries and to carry on trade or business in such industries and in matters incidental to such trade or business; (b) to render such assistance as may be necessary to any person engaged in any village industry;

(c) to organise and aid co-operative societies for village industries;

(d) to conduct training centres;

(e) (i) to arrange for the manufacture of tools, implements and other equipment required for carrying on village industries;

(ii) to arrange for the supply of raw materials, tools, implements and other equipment required for village industries; and

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

(f) to arrange for publicity and for popularising of finished products of the said industries by opening stores, shops, emporia or ex

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

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

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

14. General powers of the Board.- The Board shall, for the purposes of carrying out its functions under this Act have the following powers:—

(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 in the case of immovable property the aforesaid powers shall be exercised with the previous sanctions of the State Government;

(ii) to incur expenditure and undertake works in any area in the State for the framing and execution of such scheme 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 State Government and the [1][Khadi and Village Industries Commission][1], subject to the provisions of this Act and the rules made thereunder;

1. Substituted by Act 25 of 1958 w.e.f. 25.12.1958.

(iii) to sanction loans, grants and subventions, subject to such rules as may be prescribed.

CHAPTER IV

PREPARATION AND SUBMISSION OF PROGRAMMES.

15. Preparation and submission of annual programme.- (1) In each year, the Board shall prepare and forward to the State Government a programme of work in such form and before such date as the State Government may determine.

(2) The programme shall contain,—

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

(b) particulars of any work or undertaking which the Board proposes to organise during the next year for the purposes of carrying out its functions under this Act; and (c) such other particulars as may be prescribed.

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

17. Supplementary programme.- The Board may prepare and forward a supplementary programme for the sanction of the State Government in such form and before such date as the State Government may prescribe and the provisions of section 15 shall apply to such supplementary programme.

CHAPTER V

FINANCE, ACCOUNTS, AUDIT AND DEBTS.

18. Transfer of property.- 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 as the State Government may deem fit, for the purposes of this Act.

19. Expenditure and contracts made before the establishment of the Board.- All debts and expenditure incurred, all contracts entered into and all matters and things engaged to be done by, with or for the State Government, in connection with or for the purposes of this Act before and up to the date of the establishment of the Board shall be deemed to have been respectively incurred, entered into or engaged to be done by, with or for the Board, and all suits, and other legal proceedings instituted by or against the State Government in respect thereof shall be deemed to be instituted and continued as such by or against the Board, as the case may be.

20. Subventions and loans to the Board.- (1) The Government may, from time to time, make subventions and grants to the Board for the purposes of this Act on such terms and conditions as the State Government may determine in

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

21. Funds of the Board.- (1) The Board shall have its own fund and all receipts of the Board shall be credited thereto and all payments by the Board shall be met therefrom.

(2) The Board may accept grants, subventions, donations and gifts from State and Central Governments or the [1][Khadi and Village Industries Commission][1] or a local authority or any body or association, whether incorporated or not, or an individual for all or any of the purpose of this Act.

1. Substituted by Act 25 of 1958 w.e.f. 25.12.1958.

(3) The Board may receive loans from State and Central Governments or the [1][Khadi and Village Industries Commission][1] or a local authority or a co-operative bank registered under any law governing co-operative societies in the State [2][or a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 or the State Bank of India constituted under the State Bank of India Act, 1955 or a subsidiary bank as defined in the State Bank of India (Subsidiary Banks), Act, 1959, or a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.][2]

1. Substituted by Act 25 of 1958 w.e.f. 25.12.1958.
2. Inserted by Act 16 of 1978 w.e.f. 11.5.1978.

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

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

22. Application of fund and property.- 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.

[2][[1][**22A. Recovery of moneys due to the Board as arrears of land revenue.-** (1) Where any sum of rupees one lakh and above is payable to the Board under any agreement, express or implied or otherwise, however, by any person, is not paid on or before the due date and remaining in arrears after fifteen days from the date of service of a notice of demand on such person by the Chief Executive Officer or any other officer authorised by the Board in that behalf, may be recovered in any one or more of the following ways namely:-

(a) as an arrear of land revenue, on the written application of Chief Executive Officer or any officer authorised by the Board in this behalf certifying under his hand indicating the sum due to the Board to the Deputy Commissioner of any district in which proceedings are required to be taken.

(b) by destraint and sale of the movable and immovable property of such person by any Officer authorised under the Karnataka Land Revenue Act 1964 and rules made thereunder.][1]][2]

1. Section 22A Inserted by Act 9 of 1973 w.e.f. 8.5.1973.
2. Substituted by Act 18 of 2009 w.e.f. 27.8.2009.

23. Budget.- The Board shall, on such date as may be fixed by the State Government, prepare and submit to the State Government the budget for the next financial year showing estimated receipts and expenditure on capital and revenue accounts according to the programme.

24. Sanction of budget.- The State Government may sanction the budget submitted to it with such modifications as it deems proper.

25. Supplementary budget.- The Board may submit a supplementary budget for the sanction of the State Government in such form and before such date as the State Government may prescribe and the provisions of section 23 shall apply to such supplementary budget.

26. Annual Report.- The Board shall prepare and forward to the State 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. Every such report shall be laid before each House of the State Legislature as soon as may be after it is received by the State Government.

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

28. Accounts and Audit.- The accounts of the Board shall be maintained and an annual statement of accounts shall be prepared in such manner as may be prescribed.
Such accounts shall be audited by an Auditor appointed by the State Government.

CHAPTER VI
MISCELLANEOUS

29. Members of the Board and Members of staff of the Board to be public servants.- Members of the Board and members of the staff of the Board shall be deemed when acting or purporting to act in pursuance of any of the provisions of this Act to be public servants within the meaning of section 21 of the Indian Penal Code, 1860 (Central Act XLV of 1860).

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

[1][**30A. Dissolution of the Board.-** (1) The State Government may, by notification in the official Gazette, declare that with effect from such date as may be specified in the notification, the Board shall be dissolved and thereupon the Board shall be deemed to be dissolved and accordingly the Board and any committee constituted by the Board shall cease to function.

(2) On and from the said date,—

(a) all properties and funds which immediately before the said date were in possession of the Board for the purpose of this Act shall vest in the State Government; (b) all members shall vacate office as members of the Board; and

(c) all rights, obligations and liabilities (including any liabilities under any contract) of the Board shall become the rights, obligations and liabilities of the State Government.][1]

1. Section 30A Inserted by Act 9 of 1973 w.e.f. 8.5.1973.

31. Rules.- (1) The State Government may, by notification in the [1][Karnataka Gazette][1], make rules for carrying out the purposes of this Act.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

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

[1][(a) the term of office and the terms and conditions of service of the Chairman and other members of the Board under section 4;][1]

1. Substituted by Act 16 of 1978 w.e.f. 11.5.1978.

form in which contracts shall be entered into under section 12; (c) the functions of the Board under section 13;

(d) the other particulars of the programme under section 15;

(e) the form in which and the date before which the supplementary programme shall be submitted under section 17;

(f) the form in which and the date before which the supplementary budget shall be submitted under section 25;

(g) the manner in which the annual report shall be prepared and forwarded to the State Government under section 26;

(h) the manner of maintenance of accounts and preparation of annual statement of accounts under section 28;

(i) remuneration, allowances and other conditions of service of members of the staff of the Board and the [1][functions of [2][the Chief Executive Officer and the Financial Adviser and Chief Accounts Officer][1]][2] of the Board;

1. Substituted by Act 9 of 1973 w.e.f. 8.5.1973.

2. Substituted by Act 8 of 1985 w.e.f. 1.6.1984.

(j) any other matter which is or may be prescribed under this Act.

[1][(2A) A rule under this Act may be made with retrospective effect and when such a rule is made the reasons for making the rule shall be specified in a statement laid before both the Houses of the State Legislature. Subject to any modification made under sub-section (3), every rule made under this Act shall have effect as if enacted in this Act.][1]

1. Inserted by Act 21 of 1983 w.e.f. 8.7.1983.

[1][(3) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.][1]

1. Inserted by Act 9 of 1973 w.e.f. 8.5.1973.

32. Regulations.- (1) The Board may, with the previous sanction of the State Government, make regulations by notification in the [1][Karnataka Gazette][1], consistent with this Act and the rules made thereunder.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

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

(a) the procedure and disposal of its business;

(b) functions and duties of the members of the staff of the Board;

(c) functions of the committees and the procedure to be followed by such committees in the discharge of their functions;

(d) conditions subject to which the Board may discharge or perform duties under sub-section (2) of section 13.

33. Amendment of Schedule.- (1) The State Government may, by notification in the [1][Karnataka Gazette][1], modify the Schedule to this Act by addition thereto or omission therefrom of any industry.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

(2) Every notification under sub-section (1) shall be laid as soon as may be after it is issued before each House of the State Legislature while it is in session, for a total period of one month which may be comprised in one session or in two or more sessions and if before the expiry of that period, either House of the State Legislature makes any modification in the notification or directs that the

notification shall not have effect and if the modification or direction is agreed to by the other House, the notification shall thereafter have effect only in such modified form or be of no effect, as the case may be.

34. Saving.- Nothing in this Act shall be deemed to apply to any industry declared to be scheduled industry under the Industries (Development and Regulation) Act, 1951 (Central Act LXV of 1951) or to affect any of the provisions of the said Act.

35. [1][xx xx xx][1]

1. Omitted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

SCHEDULE.

[See section 2 (v).]

[1][I. KHADI SECTOR

1. Cotton Khadi
2. Woollen Khadi
3. Silk Khadi
4. Muslin Khadi

VILLAGE INDUSTRIES

Mineral Based Industry

5. Lime Manufacturing
6. Village Pottery
7. Stone Cutting, Crushing, Carving and engraving for Temples and Buildings 8. Utility Articles
9. Slate and Slate Pencil Making
10. Manufacture of Plaster of Paris
11. Utensil Washing Powder
12. Fuel briquetting
13. Jewellary Out of Gold, Silver, Stone, Shell and Synthetic Materials 14. Manufacture of Gulal-Rangoli
15. Manufacture of Bangles
16. Manufacture of Paints, Pigments, Varnishes and Distemper

II. FOREST BASED INDUSTRY

17. Hand Made Paper
18. Katha
19. Gums and Resins
20. Cottage Match
21. Cane and Bamboo
22. Agarbatti
23. Manufacture of Paper Cups, Plates, Bags and other containers
24. Manufacture of Exercise Books, Book Binding, Envelop Making, Register Making including all other stationery items made out of paper
25. Khus tatties and Broom making
26. Collection, Processing and Packing of Forest Products
27. Photo Framing
28. Manufacture of Jute Products (Under Fiber Industry)

III. AGRO BASED INDUSTRY

29. Processing of Cereals and Pulses Industry (Poha Manufacturing, Bakery, Masala making, paped Making, Pop Corn making etc.,)
30. Palmgur
31. Gur and Khandasari
32. Bee-Keeping
33. Fruit and Vegetable Processing and Preservation
34. Ghani Oil
35. Fibre
36. Collection of Forest Medicinal Plants
37. Pithwork manufacture of Pith mats and Garlands
38. Cashew Processing
39. Leaf Cup Making

IV. POLYMER AND CHEMICAL BASED INDUSTRY

40. Manufacture of Packaging items of Plastics
41. Manufacture of Bindi
42. Manufacture of Mehendi
43. Manufacture of Essential Oils
44. Manufacture of Shampoos
45. Manufacture of Hair-Oils

46. Detergents and Washing Powder making (Non-Toxic)
47. Village leather
48. Rubber (dipped latex products)
49. Non-Edible Oil and Soap
50. Horn and Bone including ivory products
51. Products out of Rexins, PVC, etc.,
52. Candle, Camphor and Sealing Wax making

V. ENGINEERING AND NON-CONVENTIONAL ENERGY

53. Carpentry & Blacksmithy
54. Household Aluminium Utensils
55. Gobar Gas
56. Manufacture of Paper Pins, Clips, Safety Pins, Stove Pins etc.,
57. Manufacture of decorative bulbs, bottles, Glass etc.,
58. Umbrella Assembling
59. Solar and Wind Energy implements
60. Manufacture of Handmade Utensils out of Brass
61. Manufacture of Handmade Utensils out of Copper
62. Manufacture of Handmade Utensils out of Metal
63. Other articles made out of Brass, Copper and Boll Metal
64. Production of Radios
65. Production of Cassette Players whether or not fitted with Radio
66. Production of Cassette recorders whether or not fitted with Radio
67. Production of Voltage Stabilizers
68. Carved Wood and Artistic Furniture making
69. Tin Smithy
70. Motor Winding
71. Wire Net Making
72. Iron Grills Making
73. Manufacture of Rural Transport - Vehicles such as : Hand Carts, Bullock Carts, Small Boats, Assembly of Bicycles, Cycle-Rickshas, Motorised Carts, etc.,
74. Manufacture of Musical Instruments

VI TEXTILE INDUSTRY (OTHER THAN KHADI)

75. Polyvastra
76. Hosiery
77. Tailoring and Preparation of readymade Garments
78. Fishing nets out of Nylon / Cotton by hand
79. Batik Work
80. Toys and Doll Making
81. Thread Balls and Woollen Balling Lacchi Making
82. Embroidery
83. Manufacture of Surgical Bandages
84. Stove Wicks

VII SERVICE INDUSTRY

85. Laundry
86. Barber
87. Plumbing
88. Servicing of Electrical Wiring and Electronic Domestic appliances and equipments
89. Repairs of diesel engines, pump sets, etc.,
90. Tyre Vulcanising Unit
91. Agriculture servicing for sprayers, insecticides, pump sets, etc.,
92. Hiring of sound systems like loud speakers, amplifiers, mikes etc.,
93. Battery charging
94. Art Board Painting
95. Cycle repair shops
96. Masonry

VIII RURAL ELECTRONICS

97. (i) Audio Products
e.g. Radios, P.A. System, Two-in-Ones, Cassette Recorders
(ii) Video Products
e.g. TV sets
(iii) Other Electronic products, including sub-assemblies
e.g. Calculators
Electronic Gas Lighters
Electronic Lanterns / Torches
Electronic Clocks and Alaram Time-pieces
Electronic Fan Regulators
Voltage Stabilisers
Audio / Video Tapes
Loud Speakers
Battery Eliminators
Adapters
Inverters, Converters
Mechanical TV Turners
Gang Condensers
Trimmer Capacitors
RF / IF Coils.][1]

1. Schedule Substituted by notification number CI 67 SLV 89 dated: 6.8.1990.

* * * *

NOTIFICATION

I

Bangalore, 16th September 1957 [No. CI 7 KHD 57].

In exercise of the powers conferred by sub-section (3) of Section I of the Mysore Khadi and Village Industries Act, 1956 (Mysore Act 7 of 1957), the Government of Mysore is pleased to direct that the said Act shall come into force on the 18th day of September 1957 (18-9-1957) in the area of the whole of the State of Mysore excluding the Bombay Area and the Hyderabad Area.

By Order and in the name of the Governor of Mysore,

(M. VASUDEVA RAO) Secretary to Government, Commerce and Industries Department.

(Published in the Mysore Gazette (Extraordinary) Part IV-2C as No. 273, dated 16-9-1957.)

II

Bangalore, the 3rd June 1959 (Jyeishta 13, Saka Era 1881) (No. CI 31, KHD 57 (III)). In exercise of the powers conferred by sub-section (3) of Section 1 of the Mysore Khadi and Village Industries Act, 1956 (Mysore Act 7 of 1957), the Government of Mysore hereby specified 15th February, 1959 as the date on which the said Act shall come into force in the Bombay area.

By Order and in the name of the Governor of Mysore,

(B. M. ABU BAKER) Secretary to Government, Commerce and Industries Department.

(Obtained from compilation of Statutory Rules orders and Notifications by Government under State and Central Acts- 1959.)

III

Bangalore, 28th August 1959 (Bhadrapada 6, Saka Era 1881) (No. CI 31 KHD 57 (III)). In exercise of the powers conferred by sub-section (3) of Section 1 of the Mysore Khadi and Village Industries Act, 1956 (Mysore Act 7 of 1957), the Government of Mysore hereby specified 1st August 1959 as the date on which the said Act shall come into force in the Hyderabad area.

By Order and in the name of the Governor of Mysore,

(B. M. ABU BAKER) Secretary to Government, Commerce and Industries Department.

IV

Bangalore, dated 6th August 1990. [No. CI 67 SLV 89]

S. O. 679.- In exercise of the powers conferred by sub-section (1) of section 33 of the Karnataka Khadi and Village Industries Act 1956 (Karnataka Act 7 of 1957), the Government of Karnataka hereby further modifies the schedule to the said Act to regroup certain entries thereof as follows:—

The existing schedule to the Karnataka Kadhi and Village Industries Act, 1958 (Karnataka Act 7 of 1957) is

regrouped with certain additions as hereunder :-

Note.- Schedule as in the body of the Act.

By Order and in the name of the Governor of Karnataka,
(S.G. PRABHU) Under Secretary to Government, Commerce and Industries Department.
(SSI Section)

* * * *

THE KARNATAKA KHADI AND VILLAGE INDUSTRIES (AMENDMENT) ACT, 2021

(Received the assent of the Governor on the 5th day of October, 2021)

An Act further to amend the Karnataka Khadi and Village Industries Act, 1956.

Whereas it is expedient further to amend the Karnataka Khadi and Village Industries Act, 1956 (Karnataka Act 7 of 1957) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy second year of the Republic of India, as follows:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Khadi and Village Industries (Amendment) Act, 2021.

(2) It shall come into force at once.

2. Amendment of section 4.- In the Karnataka Khadi and Village Industries Act, 1956 (Karnataka Act 7 of 1957) in section 4, in sub-section (1), in clause (a), for sub-clause (i), the following shall be substituted, namely:-

"(i) twelve non-official members, three persons from each revenue region, but not more than one from the same district, having at least ten years of experience in the field of research or manufacture and training in the khadi sector and having working experience in a similar organisation or society, nominated by the State Government."

By Order and in the name of
the Governor of Karnataka,

G. SRIDHAR
Secretary to Government
Department of Parliamentary Affairs
and Legislation