

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

NOTIFICATION

New Delhi the 31ST October, 2007

G.S.R.688 (E) - In exercise of the powers conferred by Section 27 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956) the Commission hereby makes, with the previous sanction of the Central Government, and in supersession of the Khadi and Village Industries Commission Regulations, 1958, except in respect of things done or omitted to be done before such supersession, the following regulations, namely:-

1. Short title and commencement:- These Regulations may be called the Khadi and Village Industries Commission Regulations, 2007.

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

- (a) "Act" means Khadi and Village Industries Commission Act, 1956 (61 of 1956);
- (aa) "Appointing Authority" means an appointing authority as defined under clause (a) of Regulation 2 of Khadi and Village Industries Commission Employees (Classification, Control and Appeal) Regulations, 2003;
- (b) "Board" means the Board constituted under Section 10 of the Act;
- (b) "Chairman" means the Chairman of the Commission;
- (c) "Chief Executive Officer" means the Chief Executive Officer appointed under Clause (c) of Sub Section (2) of Section 4 of the Act;
- (d) "Commission" means the Khadi and Village Industries Commission, constituted under Section 4 of the Act;
- (e) "Government" means the Central Government;
- (ff) "Head of the Office" means an Officer declared as such by the Commission;
- (g) "Rules" means the Khadi and Village Industries Commission Rules, 2006 made by the Government under section 26 of the Act;
- (h) "Zonal Committee" means the Committee constituted by the Commission under Section 12A of the Act;
- (i) Words and expressions used but not Defined in these Regulations and Defined in the Act and the Rules made under the Act shall have the same meanings respectively as assigned to them in the said Act and Rules.

3. Employees of Commission: General Provisions.- (1) The Commission may, with the prior approval of the Central Government, adopt for its officers and employees scales of pay and allowances taking into account the rates fixed by the Government of India for employees of similar categories.

(2) The Commission shall have four main classes of employees - Group-A, B, C and D – who may be further, classified into grades and shall issue orders prescribing duties and responsibilities of its employees from time to time.

(3) The Commission may employ persons, wherever necessary, on fixed monthly remuneration (including allowances) or on daily wages. Prior sanction of Government in such cases shall be taken if such monthly remuneration exceeds Rs.20,000/- per month.

(4) (a) The Commission may, if it is necessary to do so in the interest or its work, appoint honorary workers on such terms and conditions as may be settled by it with the prior approval of Government.

(b) The Commission may pay to the honorary workers such honoraria as it may think fit;

Provided that the prior sanction of Government shall be taken by the Commission where the amount of the honorarium proposed by the Commission exceeds Rs.20,000/- per month.

(c) The Commission in consultation with its Financial Adviser may fix the grades of the honorary workers for the purpose of the determination of the traveling and daily allowances admissible to the honorary workers, after taking into consideration the social status and nature of duties which such honorary workers may be called upon to perform.

(5) Subject to the provisions of the Act, Rules and these Regulations, the Commission shall lay down the terms and conditions of service of all its employees and honorary workers (other than the Chief Executive Officer and the Financial Adviser). **Inter alia** these terms and conditions shall cover matters such as age limits at the time of recruitment, minimum qualifications and experience required in the case of any employees or class of employees, etc. The Commission may by order in writing, relax any of these terms and conditions wherever it thinks fit if necessary to do so in the interest of the work of the Commission.

Provided that nothing in this sub-regulation or any other provisions made in pursuance thereof shall affect reservations and other concessions required to be provided for the Scheduled Castes, the Scheduled Tribes and other special categories of persons by the Commission, on the basis of the orders issued by the Central Government from time to time in this regard.

(6) In the case of permanent servants of the Central Government or any State Government whose services are lent to the Commission, the terms and conditions of service (including their pay, traveling allowance, daily allowance, leave, provident fund, leave salary, and pension contribution) shall be such as may be laid down at the time of their deputation to the Commission.

(7) The Commission may grant study leave to its employees in order to enable them to undertake study or research or to obtain specialized training in scientific, technical or economic subjects connected with the work of the Commission, subject to such terms and conditions as may be prescribed by the Commission.

(8) The Commission may, with the prior approval of Government make regulations regarding:

(a) the grant of gratuity to its permanent servants;

(b) medical aid to be given to its employees from the funds of the Commission;

(c) the institution of contributory provident fund for the employees; and

(d) conduct and discipline of its employees and appeals from orders in relation thereto.

4. Certificate of Health.- (1) Every employees of the Commission shall produce a medical certificate of health from such authority as may be prescribed by the Commission from time to time. Such certificates shall be produced within one month from the date of appointment;

(2) The Commission may for sufficient cause extend the period within which the medical certificate has to be produced;

(3) The Commission may, by order in writing, waive the condition regarding the production of health certificate altogether in special cases if it deems it necessary to do so in the interest of the work of the Commission.

(4) An employee discharged due to inability to secure the necessary medical certificate shall not be re-employed under the Commission without his producing such a certificate by him in advance.

(5) A fresh certificate of health shall not be required if a discharged person is re-employed under the Commission within six months of the date of the certificate produced during the previous period of service.

5. Probation, Trial period, Confirmation and Superannuation.- (1) All employees of the Commission recruited against permanent or temporary vacancies shall be on probation or trial period respectively for such periods as may specified in the guidelines issued by the Department of Personnel and Training (DOPT), Government of India from time to time. Such period of probation or trial may be extended by a maximum period of one year in individual cases by the appointing authority if he considers it necessary to do so.

(2) (a) After satisfactory completion of the trial period employees will be continued in the temporary posts.

(b) Employees recruited against permanent vacancies will be confirmed therein after satisfactory completion of probation, provided that the employees have passed the prescribed Hindi Examination.

(3) (a) Except as otherwise provided in this sub-regulation, every employee of the Commission (other than an honorary worker or a Government Servant) shall retire on the day he attains the age of sixty years.

(b) Notwithstanding anything contained, in clauses (a), the Commission shall, if it is of the opinion that it is in public interest to do so, have the absolute right to retire any employee by giving him notice of not less than 3 months in writing or 3 months pay and allowances in lieu of such notice;

(i) if he is Group- A or Group- B service or post and had entered the services of the Commission before attaining the age of 35 years, after he has attained the age of 50 years;

(ii) in all other cases, after he has attained the age of 55 years;

(iii) any employee of the Commission may by giving notice of not less than 3 months in writing to the appointing authority, retire from service of the Commission after he has attained the age of 50 years if he is in

Group-A or Group-B service or post and had entered the Commission's service before attaining the age of 35 years and in all other cases after he has attained the age of 55 years:

Provided that it shall be open to the Commission to withhold permission to an employee under suspension who seeks to retire under this clause."

"(iv) Guiding factors for invoking provisions of regulation 5(3) b (i) and(ii):

- (1) In every case where it is proposed to retire a Commission's employees in exercise of the powers conferred by sub-paras (i) and (ii) of regulation 5(3)(b) *ibid*, the Commission shall record in each case its reason, that it is necessary to retire the Commission's employee in pursuance of the aforesaid regulation in the public interest.
- (2) While the review should be made on an assessment of the entire service record of an employee, no employee should ordinarily be retired on the grounds of incompetency if his service during the preceding five years, or where he has been promoted to a higher post during that 5 years period, his service in the higher post, has been found satisfactory.
- (3) No employee should ordinarily be retired on grounds of incompetency, if, in any event, he would be retiring on superannuation within a period of one year from the date of consideration of his case.
- (4) When representations are received against pre-mature retirements, final orders on the representations shall be passed only after obtaining the approval of the Chief Executive Officer and the Commission.
- (5) The three months' notice referred to in regulation 5(3)(b)(i) & (ii) may be given before the Commission's employee attains the specified age or has completed thirty years of service but the retirement should take place after the Commission's employee has attained the relevant age or has completed thirty years of service, as the case may be.
- (6) The aforesaid regulations shall not be applicable,
 - (i) to retire a Commission's employee on grounds of specific acts of mis-conduct as a short-cut to initiating formal disciplinary proceedings; or
 - (ii) for reduction of surplus staff or as a measure of effecting general economy without following the rules and instructions relating to retrenchment;
 - (iii) on the ground that the Commission's employee may not be suitable to continue in his officiating post or for promotion to a higher post for which he might be eligible after his attaining the age of fifty/fifty-five years, or completing thirty year's service, as the case may be.

6. Termination of Services.- (1) During the period of trial, the services of a temporary employee may be terminated by the appointing authority or an authority superior to the appointing authority, without notice and without assigning any reason.

(2) After satisfactory completion of the period of trial, the services of a temporary employee may be terminated without assigning any reason by notice of one month or by payment of salary of one month (with allowances) in lieu of notice.

(3) The services of an employee appointed on probation against a permanent post may be terminated by the appointing authority or an authority superior to the appointing authority during the period of probation without notice and without assigning any reasons.

(4) After satisfactory completion of the period of probation, the services of an employee in permanent employment may be terminated if his post is abolished:

Provided that the services of an employee in permanent service shall not be liable to termination under this regulation, so long as any post of the same grade and class or cadre and under the same appointing authority continues to be held by any person junior to him.

Provided further that such an employee may be offered an alternative appointment if vacant, suitable to his qualifications and experience and if he accepts that appointment, his services shall not be terminated.

(5) (a) No employee in permanent service shall quit his service under the Commission without first having his resignation accepted by the competent authority.

(b) When, owing to the abolition of a permanent post, an employee in the permanent service of the Commission is discharged from the Commission's service, he shall be entitled to three calendar months notice, signifying the Commission's intention to terminate his appointment or, in lieu thereof, a sum equivalent to his pay for the period by which the notice actually given, falls short of the period specified in the Rules.

7. Travelling Allowances.- (1) Employees of the Commission shall be eligible for travelling and daily allowances for journeys on tour or on transfer at such rates and according to such condition as may be specified by the Central Government for employees of similar categories.

(2) The Commission may however, with the approval of the Central Government, vary such rates and conditions for its employees as and when necessary.

8. Controlling Officer.- (1) The Chairman, the Chief Executive Officer and the Financial Adviser shall be the controlling officers in respect of their own travelling and daily allowance bills.

(2) The Chairman shall be controlling officer in respect of the travelling allowances and daily allowance bills of the Members of the Commission and the Board.

(3) The Chief Executive Officer shall be the controlling officer in respect of the traveling allowance and daily allowance bills of the employees of the Commission and non-officials other than the Members of the Commission and the Board.

(4) The Chief Executive Officer may, by order in writing, direct that the powers of controlling officer for the purpose of traveling and daily allowance shall be

exercisable by any other officer of the Commission provided that an officer is not declared his own controlling officer.

(5) Heads of offices will be the controlling officers in respect of Group 'C' and 'D' employees.

9. Daily Allowance.- (1) Daily allowance shall not be drawn at full rate by any of the employees of the Commission for a continuous halt of more than ten days at any one place while on tour.

Provided that the Commission may by orders in writing, grant general or individual exemption from operation of this regulation, if the Commission thinks it necessary that the Chief Executive Officer's prolonged halts are necessary in the interest of the work of the Commission:

Provided further that the Chief Executive Officer may, by order in writing, grant general or individual exemption from operation of this regulation, if the Chief Executive Officer thinks it necessary in respect of all the employees if prolonged halts are necessary in the interest of the work of the Commission.

10. Advances for Travelling and Daily Allowances.- The Chief Executive Officer may, issue order in respect of granting advances to the employees of the Commission from the traveling allowance grants for journeys which are to be performed by them in connection with their official work.

11. Leave and Leave Allowances.- Leave and leave allowances of the employees of the Commission shall be regulated according to the rules and orders applicable to the employees of the Government who are in receipt of corresponding scales of pay. Provided that the Commission, may, with the prior approval of Government, either frame fresh rules on the subject or make necessary changes in the rules and order aforesaid.

12. Promotion and Advance Increments.- Promotions, selections to all the posts and granting higher initial salary or sanctioning advance increments subsequently shall be made strictly as per the guidelines issues by the Government of India, Department of Personnel and Training (DOPT) from time to time.

13. Deputation Abroad in Connection with the work of the Commission.- The Commission may, with the prior sanction of the Government, depute any member of the Commission or any of its employees to proceed outside India in connection with its work. The Commission may issue orders, with the prior approval of the Government regarding the grant of funds to persons deputed outside India.

14. Appointment of Committee and Sub-committee for Specific purposes.- The Commission may appoint committees or sub-committees consisting of one or more of its members or of other persons or both, for specific purposes to assist or advise the Commission in complying with any of the provisions of the Act.

15. Canteen, Lunch Room etc.- The Commission may, out of its funds, provide facilities such as canteens, recreation clubs, lunch rooms, ladies rooms and medical aid centre for its employees. The Commission may include the necessary provision of funds in this behalf in its annual budget.

16. Notice of Meetings and List of Business.- (1) The Chairman shall decide the date, time and place of every meeting of the Commission and this shall be communicated by the Chief Executive Officer to other members of the Commission, including ex-officio members and the officers of the Government, if any, nominated by the Govt. for attending the meeting of the Commission. A list of business to be transacted shall also be supplied to the members and other persons aforesaid by the Chief Executive Officer at least ten days in advance. Business other than that shown in the list can, however, be transacted with the permission of the Chairman.

(2) The Chairman shall ordinarily preside over all meetings. In his absence, the members present shall elect one of the members other than the Ex-officio members to preside over the meeting.

17. Quorum.- (1) Four members of the Commission shall form the quorum for meeting of the Commission.

(2) One third of the members of the Zonal Committee shall form the quorum for the meeting of the Zonal Committee.

(3) If at any meeting of the Commission or the Zonal Committee, there is no quorum, the Chairman or any other person presiding over such a meeting shall adjourn the meeting to another date and it shall thereupon be lawful to dispose of the business at such an adjourned meeting irrespective of the number of members attending the adjourned meeting.

Provided that the adjourned meeting is fixed for a date not less than 7 days later and that all the members are informed of the date, time and place of such adjourned meeting.

18. Casting of Votes.- All votes shall be taken by voice or by show of hands unless the Chairman of the meeting decides that votes shall be taken by ballot in particular cases.

19. Minutes of the Meetings of the Commission, Committee and Board.- (1) Proceedings of the meetings of the Commission, the Zonal Committee and the Board shall be recorded under the general supervision and control of the Chairman of the Commission, Zonal Committee and the minutes of the meeting will be circulated to the members and other persons aforesaid by the Chief Executive Officer.

(2) Minutes of the meetings of the Commission, the Zonal Committee and the Board shall be compiled and shall be placed before the next meeting of the Commission, the Zonal Committee or the Board, as the case may be, for confirmation. The minutes of the meeting shall inter-alia, show the names of the persons who attended such meeting and the decisions taken there at. The Chairman of the Commission, Zonal Committee as the case may be, the Board of the meeting shall sign the minutes, after they are confirmed. Copies of the minutes shall be forwarded to Central Government by the Chief Executive Officer, after each meeting.

(3) Summoning and holding of meeting and the conduct of business of Standing Finance Committee.

(i) The date, time and place of every meeting of a Standing Finance Committee fixed by its Chairman shall be communicated by the Secretary to the Committee to all members of the Committee, including ex-officio members, together with a list of business to be transacted at the meeting and no business which is not shown in the list, may be transacted except with the permission of the Chairman of the Committee.

(ii) Two third of the members of a Standing Finance Committee shall form a quorum for a meeting except at an adjourned meeting for which no quorum shall be necessary. If at any meeting, there is no quorum, the Chairman or the person presiding at such meeting shall adjourn the meeting and fix any other time on the same or another day for the adjourned meeting.

(iii) The proceedings of the meetings of a Standing Finance Committee shall be recorded by the Secretary to the Committee who shall also compile the minutes of each meeting and get them approved by the members present at that meeting. Copies of the minutes thus approved shall be placed before the Commission for information.

20. Procedure for Payments, Deposits and Investments on behalf of the Commission.- (1) All payments other than payments relating to salaries, wages and allowances by or on behalf of the Commission shall be made by cheques drawn against the current/savings accounts of the Commission; payment in respect of individual claims not exceeding Rs.5000 may however be made in cash.

(2) All payments relating to salaries, wages and allowances to the employees of the Commission shall ordinarily be made through the Bank Account of the employees or by cheques drawn against the current/saving accounts of the Commission.

(3) All cheques drawn against the current /savings account of the commission (i.e. 'Khadi Fund' and 'Village Industries Fund' and "General and Miscellaneous Fund" account) and all orders for making investment or for the withdrawal of the same or for the disposal in any other manner of the funds of the Commission shall:

(a) be signed by the Director (Accounts) or any other Officer as may be nominated by the Financial Adviser from time to time by an order in writing when the value of the cheque drawn does not exceeds Rs.1,00,000 (Rupees one lakh);

(b) be signed jointly by the Chief Executive Officer or any other Officer not below the rank of a Director (other than the Director of Audit) nominated by the Chief Executive Officer and the Financial Adviser or any other Accounts Officer, nominated by the Financial Adviser when the value of the cheque exceeds Rs. 1,00,000/- (Rupees One lakh).

(4) Placing of moneys belonging to the Commission in fixed deposits and their investment or disposal in any other manner shall require approval of the Commission.

21. Custody of Money required for Current Expenditure of Commission and Investment of money not so required.-

(1) The Commission shall maintain bank accounts under three heads (Khadi Fund Account, Village Industries Fund Account and General and Miscellaneous Fund Account) in the Reserve Bank of India and its branches or with any other nationalised bank or Scheduled Bank approved by the Government. All moneys of the Commission with the exception of petty cash of funds kept at deposit in accordance with these regulations shall be paid into the respective fund account.

(2) The Commission may authorize any of its officers to maintain a separate current or savings accounts in any of the Banks referred in for depositing funds placed at its disposal in connection with the work of the Commission.

(3) The petty cash, required for meeting current expenditure shall be in the custody of the Chief Executive Officer or an officer nominated by him in writing in this behalf. The Commission may decide the amount of the petty cash thus maintained from time to time.

(4) The Chief Executive Officer may advance as imprest small amounts of money not exceeding Rs.5,000 in any one case to any of the officers for incurring petty expenditure within the powers delegated to them. The officers to whom such amounts are advanced shall be personally responsible for the security and for maintaining proper account, in the form prescribed by the Commission.

22. Maintenance of Accounts.- (1) The Chief Executive Officer shall maintain or cause to be maintained an account of receipts and expenditure of the Commission, in the form specified by the Government.

(2) The Chief Executive Officer shall be responsible for ensuring that no expenditure is made from the funds of the Commission unless provisions for such expenditure has been made in the budget after due appropriation made by Parliament by law in this behalf and funds are available for incurring the expenditure.

(3) The Chief Executive Officer shall also prepare or cause to be prepared such statements of accounts and records and subsidiary accounts as may be required by the Government or by the Commission, from time to time.

(4) The Chief Executive Officer shall, in consultation with the Financial Adviser, conduct necessary internal audit of the expenditure made out of the funds of the Commission in order to ensure that the expenditure is incurred strictly according to rules and regulations under the Act and in accordance with the orders and instructions issued by the Commission and other competent authorities from time to time.

23. Financial Power.- The Commission may delegate necessary financial powers to its officers for ensuring expeditious disposal of work and smooth and efficient functioning of the organization. The Commission may make suitable rules in this

behalf for the guidance of its staff in order to ensure that these powers are judiciously used by the officers concerned.

24. Certification Committees and the Forms of Certificates of Genuineness of Khadi etc. to be issued by them.-

(1) The Commission shall appoint one or more Certification Committees which shall grant certificates to producers of, or dealers in khadi or the products of any village industry, in accordance with certification rules for issuance, renewal and validity of khadi certificate and such instructions as the Commission may issue from time to time for Khadi or the products of any village industry with the prior approval of the Government. Every such certificate in case of Khadi shall be in the form as per annexure-I. Forms for Village Industry products will be specified from time to time with the approval of the Government by the Commission.

(2) A Certification Committee shall consist of such number of members as the Commission may think fit to appoint thereto, and one of them shall be appointed as the Chairman of the Committee.

(3) A Certification Committee shall levy fees for issue of certificates at rates that may be approved by the Commission from time to time in consultation with its Financial Adviser.

25 Advice.- The Commission may seek advice of non-official persons or employees of the Central Government or State Governments in regard to specific problems or may request them to attend certain meetings of the Commission, the Board of Committees appointed by the Commission for having the benefit of their experience. The Commission shall pay traveling and daily allowances to such non-official persons at the rates and according to such conditions as may be specified by the Commission with the prior approval of the Government. Until such rates and conditions are specified by the Commission, the non-official persons shall draw traveling and daily allowances at the rates and conditions specified by the Government for its employees of corresponding grades. The traveling and daily allowances of the officials would be governed by the rules applicable to them as such officials.

(F.No.4(97)2006-KVI-I)
SESH KUMAR PULIPAKA, Jt.Secretary.

**ANNEXURE
FORM
(See Regulation 24)**

**Evolution/Development of Vastra-Sawavlamban, Cotton, Woollen and Silk Khadi and
Implements and for the sales of Khadi Implements and Village Industries Products:**

Certificate No:

Validity date of Certificate.....

(If it is not cancelled in between)Date:.....

Name of Certificate receiver:.....

And Full Address:.....

Approved Evolution/Development:

1. Sawavlamban Khadi.....
2. Dhandhadari Khadi.....
3. Implements.....
4. Village Industries.....

Approved sales area:

1. Vastragar.....
2. Agency.....

Lucknow:.....

Date:.....

Chairman
Certification Committee