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**KHADI AND VILLAGE INDUSTRIES  
BOARD ACT, 1965**

**(Act No. XVI of 1965)**

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**THE JAMMU AND KASHMIR KHADI AND VILLAGE  
INDUSTRIES BOARD ACT, 1965**

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**THE JAMMU AND KASHMIR KHADI AND VILLAGE  
INDUSTRIES BOARD ACT, 1965**

**(Act No. XVI of 1965)**

*[Received the assent of the Governor on the 18th April, 1965 and published in Government Gazette dated 18th April, 1965].*

An Act to amend and consolidate the Law relating to the establishment of the State Statutory Board for encouraging and intensifying the Khadi and Village Industries in the <sup>1</sup>[Union territory of Jammu and Kashmir].

Be it enacted by the Jammu and Kashmir State Legislature in the Sixteenth Year of the Republic of India as follows :—

CHAPTER I

**Preliminary**

1. *Short title, extent and commencement.*—(1) This Act may be called the Jammu and Kashmir Khadi and Village Industries Board Act, 1965.

(2) It extends to <sup>2</sup>[the Union territory of Jammu and Kashmir].

(3) It shall come into force <sup>3</sup>[with effect from the 25th day of April, 1986.]

2. *Definitions.*—In this Act, unless the context otherwise requires, —

(a) “Board” means the Jammu and Kashmir Khadi and Village Industries Board, established under section 3 ;

(b) “Commission” means the Khadi and Village Industries Commission established under section 4 of the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956) ;

(c) “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, and includes ready-made garments made out of such cloth ;

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1. Substituted by S.O. 1229 (E) dated 31.03.2020 for “State”.

2. Substituted *ibid* for “the whole State”.

3. Enforcement date notified by Act XI of 1988, s. 1.

- (d) “Village industries” means—
- (i) all or any of the industries specified in the Schedule to the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956) and includes any other industry deemed to be specified in the said Schedule by reason of a notification issued by the Central Government under section 3 of the said Act ; and
  - (ii) any other industry specified in this behalf by the Government, by notification in the \*[Government Gazette], in consultation with the Commission and the Board ;
- (e) “prescribed” means prescribed by rules made under this Act ;
- (f) “regulations” means regulations made by the Board under this Act ;
- (g) “Chairman” means Chairman of the Board ;
- (h) <sup>1</sup>[“Vice-Chairmen”] means <sup>1</sup>[Vice-Chairmen] of the Board ;
- (i) “member” means member of the Board.

## CHAPTER II

### **The Khadi and Village Industries Board**

3. *Establishment and incorporation of Board.*—With effect from such date as the Government may, by notification, fix in this behalf, there shall be established a Board to be called the Jammu and Kashmir Khadi and Village Industries Board. It shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract and may, by the said name, sue and be sued.

4. *Constitution of Board.*—<sup>2</sup>[(1) The Board shall consist of not more than fifteen members and not less than nine members to be appointed by the Government from time to time, excluding the Member-Secretary appointed under sub-section (4). <sup>3</sup>[One-half of the members] shall be non-officials who are

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\* Now Official Gazette.

1. Substituted by Act IV of 1966 for “Vice-Chairman”.

2. Sub-section (1) substituted by Act IV of 1966.

3. Substituted by Act XI of 1988, s. 2.

interested in the constructive activities and who have abiding interest in the Khadi and Village industries programmes. From among the official members of the Board, Director Community Development and National Extension Service, Registrar Co-operative Societies and the Director of Industries and Commerce shall be *ex-officio* members of the Board].

(2) One of the members of the Board shall be appointed by the Government as the Chairman of the Board.

<sup>1</sup>[(3) The Government may appoint one or two Vice-Chairmen from amongst the members and they shall exercise such of the powers and perform such of the duties of the Chairman as may be prescribed or as may be delegated to them by the Chairman.

(4) The Government shall, after consultation with the Board, appoint a Secretary of the Board, who shall also be an *ex-officio* member].

(5) The appointment of members and Chairman, <sup>2</sup>[Vice-Chairmen] and Secretary of the Board may be made in consultation with the Commission.

(6) In the event of any vacancy in the office of a member of the Board by reasons of death, resignation or removal, such vacancy shall be filled in by appointment by the Government and the member appointed in such vacancy shall hold office for the unexpired term of his predecessor.

(7) The Chairman, <sup>2</sup>[Vice-Chairmen], Secretary and other members of the Board shall receive such allowances as may be prescribed and all such allowances shall be paid from the funds of the Board.

*5. Financial Advisor of the Board.*—(1) The Government shall appoint a person not being a member to be the Financial Advisor of the Board. The Financial Advisor may also function as the Chief Accounts Officer.

(2) Such appointment as well as the term of office, the conditions of service and the functions of the Financial Advisor shall be such as may be prescribed in consultation with the Board.

*6. Resignation of office of members.*—Any member may resign his office by giving notice in writing to the Government and on such resignation being notified in the \* [Government Gazette] by the Government, shall be deemed to have vacated his office.

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1. Sub-sections (3) and (4) substituted by Act IV of 1966.

2. Substituted *ibid* for "Vice-Chairman".

\* Now Official Gazette.



7. *Proceedings presumed to be good and valid.*—No act or proceeding of the Board shall be questioned or invalidated merely by reason of any vacancy in its membership or on account of resignation, death or otherwise or by reasons of any defect in the constitution thereof.

8. *Temporary association of persons with the Board for particular purposes.*—(1) The Board may associate with itself in such manner and for such purposes as may be determined by regulations made under this Act any persons whose assistance or advice it may desire in complying with any of the provisions of this Act.

(2) A person associated with the Board under sub-section (1) for any purpose shall have the right to take part in the discussions of the Board relevant to that purpose, but shall not have the right to vote and shall not be a member for any other purpose.

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

9. *Meetings of the Board.*—(1) The Board shall meet at such times and places and shall, subject to the provisions of sub-sections (2) to (4), observe such rules of procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Board under this Act ; provided that the Board shall meet at least once in every two months.

(2) The Chairman may, whenever he thinks fit, call special meetings of the Board.

<sup>1</sup>[(3) The Chairman, or in his absence one of the Vice-Chairmen as may be chosen by the members present at the meeting, or if both the Vice-Chairmen are also absent, such a member as may be chosen by the members present from amongst themselves, shall preside at a meeting of the Board].

(4) All questions at a meeting of the Board shall be decided by the majority of the votes of the members present and voting and in the case of an equality of votes, the Chairman, or in his absence the person presiding, shall have a second or casting vote.

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1. Sub-section (3) substituted by Act IV of 1966.

(5) The proceedings of the meeting of the Board shall be forwarded to the Government and the Commission within fifteen days of every meeting.

10. *Terms of office and other conditions of service of Chairman, <sup>1</sup>[Vice-Chairmen], Secretary and other members of the Board.*—The terms of office and the terms and conditions of service of the Chairman, the <sup>1</sup>[Vice-Chairmen], the Secretary and other members of the Board shall be such as may be prescribed.

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

12. *Officers and servants of Board and conditions of their service.*—  
(1) (a) The Board shall appoint an Executive Officer to manage the affairs of the Board.

(b) The functions, duties and powers of the Executive Officer shall be such as may be fixed by the Board, with the prior approval of the Government.

(c) The Executive Officer may be a Government servant whose services are placed at the disposal of the Board by the Government and if he is not a Government servant, his remuneration, allowances and other conditions of service shall be such as may be fixed by the Government.

(2) The Board may appoint such other officers and servants as it may consider necessary for the efficient discharge of its functions :

Provided that the Board may delegate its powers in this behalf to the Chairman or other members or officers of the Board.

(3) Subject to the provisions of clause (c) of sub-section (1), the remuneration, allowances and other conditions of service of the officers and servants of the Board shall be such as may be determined by regulations.

13. *Standing Finance Committee.*—The Board may constitute from among the members of the Board a Standing Finance Committee to exercise such powers and perform such functions relating to finances of the Board as may be laid down by regulations made by the Board.

14. *Appointment of other Committee.*—Subject to any rules made in this behalf, the Board may, from time to time, appoint one or more Committees for

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1. Substituted by Act IV of 1966 for "Vice-Chairman".

the purposes of securing the efficient discharge of its functions and in particular for the purpose of securing that the functions are discharged, with due regard to the circumstances and requirements of Khadi or any particular village industry. Such Committees may be appointed for any particular areas.

### CHAPTER III

#### *Functions and Powers of the Board*

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

(2) Without prejudice to the generality of the provisions of sub-section (1), the Board shall also in particular discharge and perform all or any of the following duties and functions namely :—

- (a) to start, encourage, assist and carry on Khadi and Village industries and to carry on trade or business in such industries and in the matters incidental to such trade or business ;
- (b) to help the people by providing them with work in their homes and to give loans and other form of monetary help to individuals or societies or institutions on such terms as may be prescribed ;
- (c) to encourage establishment of co-operative societies for khadi and village industries ;
- (d) to conduct training centres and to train people thereat with a view to equipping them with the necessary knowledge for starting or carrying on Khadi and Village industries ;
- (e)
  - (i) to manufacture tools and implements required for carrying on Khadi and Village industries and to manufacture the products of such industries ;
  - (ii) to arrange for the supply of raw-materials and tools and implements required for the said purposes ; and
  - (iii) to sell and to arrange for the sale of the products of the said industries ;
- (f) to arrange for publicity and popularising of finished products of Khadi and Village industries by opening stores, shops, emporiums or exhibitions and to take similar measures for the purpose ;

- (g) to endeavour to educate public opinion and to impress upon the public the advantages of patronising the products of khadi and village industries ;
- (h) to seek and obtain advice and guidance of experts in Khadi and Village Industries ;
- (i) to undertake and encourage research work in connection with Khadi and Village Industries and to carry on such activities, as are incidental and conducive to the objects of this Act ;
- (j) to discharge such other duties and to perform such other functions as the Government may direct for the purpose of carrying out the objects of this Act.

16. *General powers of the Board.*—The Board shall for the purpose of carrying out its functions under this Act have the following powers, namely:—

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

Provided that any lease, sale or other transfer to any person or authority of any immovable property belonging to the Board shall be null and void unless it is sanctioned by the Government ;

- (b) to incur expenditure and undertake any work in any area in the <sup>1</sup>[Union territory of Jammu and Kashmir] for the framing and creation of such schemes as it may consider necessary for the purpose of carrying out the provisions of this Act or as may be entrusted to it by the Government.

17. *Powers 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.

(2) Every contract shall be made on behalf of the Board by its Chairman ; provided that the Chairman may by an order in writing delegate his powers in this behalf to the Vice-Chairman or to the Secretary of the Board.

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

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1. Substituted by S.O. 1229 (E) dated 31.03.2020 for “State”.

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

18. *Powers of the Commission to give directions.*—In the performance of its functions under this Act, the Board shall be bound by such directions as the Commission may give to it from time to time.

#### CHAPTER IV

##### **Preparation and Submission of Programme**

19. *Preparation and submission of programme.*—(1) In each year, on such date as may be fixed by the Government, the Board shall prepare and forward to the Government a programme of work.

(2) The programme shall contain—

- (a) particulars of the schemes which the Board proposes to execute whether in part or whole during the next year ;
- (b) particulars of any work or undertaking which the Board proposes to execute during the next year for the purpose of carrying out its functions under this Act ; and
- (c) such other particulars as may be prescribed.

20. *Sanction of programme.*—The Government may, in consultation with the Commission, approve and sanction the programme in whole or with such modification as it deems fit.

21. *Supplementary programme.*—The Board may prepare and forward a supplementary programme for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions of section 19 shall apply to such supplementary programme.

22. *Powers of Board to alter schemes.*—The Board may, with the previous approval of the Commission, make any alteration in any scheme so long as the aggregate amount sanctioned for the scheme is not exceeded. A report of the alteration shall be sent to the Government in such form and within such time as may be prescribed.

## CHAPTER V

**Finance, Accounts, Audit and Reports**

23. *Transfer of property.*—The Government may transfer to the Board buildings, land or any other property, whether movable or immovable, for use and management by the Board on such conditions and limitations as the Government may deem fit for the purpose of this Act.

24. *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 and receive loans from the Government or a local authority or any body or association, whether incorporated or not, or an individual for all or any of the purposes of this Act.

(3) All moneys belonging to the fund of the Board shall be deposited in the State Bank of India or with the agents of the State Bank of India or where there is neither an office of the State Bank of India nor an agent of the State Bank of India, in a Government Treasury or be invested in such securities as may be approved by the Government :

<sup>1</sup>[Provided that the funds received from the Government as grant-in-aid shall be deposited in the Jammu and Kashmir Bank Ltd. or in its branches.]

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

25. *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.

26. *Subventions and loans to the Board.*—(1) The Government may, from time to time, make subventions and grants to the Board for the purpose of this Act on such terms and conditions as the Government may determine in each case.

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

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1. Proviso inserted by Act III of 1973, s. 2.

Provided that the previous sanction of the Government shall not be necessary to borrow any sum from the Commission.

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

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

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

Provided that no re-appropriation from the head 'loan' to any other head or expenditure and vice versa in the budget shall be sanctioned by the Board except with the previous approval of the Government and the Commission.

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

28. *Supplementary budget.*—The Board may submit a supplementary budget for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions of section 27 shall apply to such supplementary budget.

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

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

(3) The report received by the Government under sub-section (1) shall be laid before <sup>1</sup>[Legislative Assembly of the Union territory of Jammu and Kashmir] as soon as may be after it is received by the Government.

30. *Returns and Reports.*—(1) The Board shall furnish to the Government and the Commission at such time and in such form and manner as may be prescribed or as the Government or the Commission may direct, such returns and statements and such particulars in regard to proposed or existing programme for the promotion and development of Khadi and Village Industries as the Government may, from time to time, require.

(2) Without prejudice to the provisions of sub-section (1), the Board shall, as soon as possible after the end of each financial year, submit to the Government a report, in such form and before such date as may be prescribed, giving a true and full account of its activities, policy and programme during the previous financial year.

(3) All returns, statements and particulars furnished by the Board to the Government under sub-section (1) shall as soon as possible after they are so furnished be placed on the Table of <sup>1</sup>[Legislative Assembly of the Union territory of Jammu and Kashmir].

31. *Accounts and Audit.*—(1) The Board shall maintain proper accounts and the relevant records and prepare an annual statement of accounts including the profit and loss account and the balance sheets in such form as may be prescribed.

(2) The accounts of the Board shall be audited by such persons as the Government may appoint in this behalf.

(3) The Auditors appointed by the Commission shall have the right to audit and inspect the accounts of the Board pertaining to the funds advanced by the Commission.

(4) The person appointed under sub-sections (2) and (3) shall, in connection with such audit, have such rights, privileges and authority, as may be prescribed and in particular, such auditor shall have the right to demand the production of books, accounts, connected vouchers and other documents and to inspect any of the offices of the Board.

(5) The accounts of the Board as certified by such auditor together with the audit report thereon shall be forwarded annually to the Government

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1. Substituted by S.O. 1229 (E) dated 31.03.2020.



and the Commission before such date as the Government may specify in this behalf.

(6) The Board shall comply with such directions as the Government may, after perusal of the report of the auditor, think fit to issue.

## CHAPTER VI

### Miscellaneous

32. *Members of the Board and officers and servants of the Board to be public servants.*—Members of the Board and officers and servants of the Board shall be deemed when acting or purporting to act in pursuance of any of the provisions of this Act to be public servants within the meaning of section 21 of the <sup>1</sup>[Indian Penal Code 45 of 1860)].

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

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

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

- (a) the place at which the office of the Board shall be located ;
- (b) the term of office of, and the manner of filling casual vacancies among, the members of the Board and the terms and conditions of service of the Chairman, <sup>2</sup>[Vice-Chairmen,] the Secretary and the other members of the Board including the salaries and allowances to be paid to them and travelling and daily allowances to be drawn by them ;
- (c) the disqualifications for membership of the Board and the procedure to be followed for removing a member who is or becomes subject to any disqualification ;
- (d) powers and duties to be exercised and performed by the Chairman and the <sup>2</sup>[Vice-Chairmen] :

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1. Substituted by S.O. 1229 (E) dated 31.03.2020 for “Jammu and Kashmir State Ranbir Penal Code, Samvat 1989”.

2. Substituted by Act IV of 1966.

- (e) the conditions subject to which and the mode in which contracts may be entered into by or on behalf of the Board ;
- (f) constitution of the Standing Finance Committee ;
- (g) the procedure to be followed in the performance of the functions by members of the Board ;
- (h) the powers and duties to be exercised and discharged by the Secretary, the Financial Advisor, the Executive Officer and any other officer of the Board ;
- (i) the date by which and the form in which the budget and the supplementary budget shall be prepared and submitted in each year under sections 27 and 28 ;
- (j) the procedure to be followed for placing the Board in possession of funds ;
- (k) the procedure to be followed and the conditions to be observed in borrowing moneys and in granting loans ;
- (l) the form and manner in which the accounts of the Board shall be maintained under section 31 ;
- (m) the form and manner in which the returns, reports or statements shall be submitted under section 30 ; and
- (n) any other matter which has to be, or may be, prescribed.

(3) All rules made and all notifications issued under this Act shall, as soon as possible after they are made or issued, be placed on the Table of <sup>1</sup>[Legislative Assembly of the Union territory of Jammu and Kashmir] and shall be subject to such modification by way of amendment or repeal as the Legislature may make either in the same session or in the next session.

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

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1. Substituted by S.O. 1229 (E) dated 31.03.2020.

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

- (a) the terms and conditions of appointment and service and the scales of pay of officers and servants of the Board other than the Secretary including the payment of travelling and daily allowances in respect of journeys undertaken by such officers and servants for the purposes of this Act ;
- (b) the time and place of meetings of the Board, the procedure to be followed in regard to transaction of business at such meetings and the quorum necessary for the transaction of such business at a meeting ;
- (c) functions of committees and the procedure to be followed by such committees in the discharge of their functions ;
- (d) the delegation of powers and duties to the Standing Finance Committee, Secretary or any employee of the Board ;
- (e) the maintenance of minutes of meeting of the Board and the transmission of copies thereof to the Government and the Commission ;
- (f) the persons by whom and the manner in which payments, deposits and investments may be made on behalf of the Board ;
- (g) the custody of moneys required for the current expenditure of the Board and investment of moneys not so required ;
- (h) the maintenance of accounts.

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

<sup>1</sup>[36. *Dissolution of the Board.*—(1) If at any time the Government is satisfied that—

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

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1. Section 36 substituted by Act III of 1973, s. 3.

- (b) circumstances have so arisen that the Board is rendered unable or may be rendered unable to discharge its duties or perform its functions under this Act ; or
- (c) it is otherwise expedient or necessary to dissolve the Board ;

the Government may, by notification in the \*[Government Gazette], direct that the Board shall be dissolved from the date specified in the notification ; and thereupon the Board shall be deemed to be dissolved accordingly :

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

(2) On and from the said date of dissolution,—

- (a) all properties and funds, which immediately before the said date were in the possession of the Board for the purposes of this Act, shall vest in the 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 Government :

Provided that the rights, obligations and liabilities of the Government under this clause shall be only so far as they relate to the period after 1st April, 1971.

(3) Any notification issued under sub-section (1) shall not be questioned in any Civil Court.]

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

38. *Power to write off losses.*—The Board shall be competent to write off losses up to rupees five hundred in individual cases and not exceeding rupees five thousand in the aggregate in any financial year in cases falling under any or all of the following categories :—

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\* Now Official Gazette.

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

39. *Repeal and saving.*—(1) The Jammu and Kashmir Khadi and Village Industries Board Ordinance, 1965 (II of 1965) is hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken (including any appointment made or Board established) under the said Ordinance shall be deemed to have been done or taken under this Act.

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