



खादी ग्रामोद्योग आयोग
KHADI AND VILLAGE
INDUSTRIES COMMISSION

सूक्ष्म लघु और मध्यम उद्यम मंत्रालय, भारत सरकार
Ministry of Micro, Small & Medium Enterprises, Govt. of India,
सुधार कार्यान्वयन प्रभाग
REFORM IMPLEMENTATION DIVISION

No. RID/KRDP/3rd Tranche conditions /2017-18/

Date: 30.10.2017

Under Secretary,
Govt. of India,
Ministry of MSME,
Udyog Bhavan,
New Delhi – 110 011.

Sub : Compliance of 3rd tranche conditions under KRDP for preparation of product Catalogue and setting up Market Information System - regarding

Sir,

Kindly refer to the 3rd Tranche restructured conditions under KRDP which requires to be compiled as per the timeline of ADB.

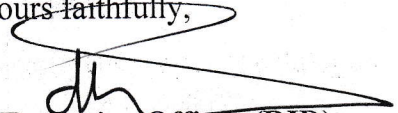
In this regard, it is to inform that the 6th tranche condition states that "KVIC shall have prepared a product catalogue and set up the market information system" have been fulfilled by KVIC. The status is as follows :

Finalised restructured tranche condition	Evidence	Status as on 30 th Oct 2017
KVIC shall have prepared a product catalogue and set up the market information system.	1. Product catalogue 2. Operational Market Information System	Completed. Prepared product catalogue and set up Market Information System and it is operational

The report on the product catalogue and operational MIS as evidences of compliance is enclosed.

It is, therefore, requested to kindly forward the documents to ADB for further needful action.

Yours faithfully,


Dy. Chief Executive Officer (RID)

Encl: As above

Copy to :

- 1) The JS, MSME, New Delhi.
- 2) The Senior Project Officer (Urban) ADB, New Delhi.
- 3) Shri Vivek Mathur, Senior Officer, MSME, New Delhi



ग्रामोदय, ३ इर्ला रोड, विले पार्ले (पश्चिम), मुंबई ४०० ०५६
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Khadi Reform and Development Programme
KVIC shall have prepared a product catalogue
and set up the Market Information System

October 2017



Khadi and Village Industry Commission

**Ministry of Micro Small and Medium Enterprises,
Government of India**



Table of Contents

1. Background	2
2. Need and Rationale	2
3. Product Catalogue	3
4. Market Information System	8
5. Next Steps	11

1. Background

Khadi and village industry (KVI) subsector contributes significantly to the non-farm sector in India. At present, there are 2000 Khadi Institutions (KIs) in India. The Khadi Reform Development Programme (KRDP) initiated by Ministry of Micro Small and Medium Enterprises (MoMSME) with support from Asian Development Bank (ADB) envisages to strengthen the sector through sectoral reforms.

The key objective of the institutional reforms being undertaken through KRDP is to facilitate the strengthening of Khadi institutions, enhance the stake and role of artisans and facilitate the flow of raw materials and finances, and creating a niche for Khadi through Khadi mark. The program is directed towards implementing the comprehensive reform plan for 400 Khadi institutions, selected primarily on the basis of performance, to ensure enhanced artisan earnings and empowerment and improved viability of Khadi institutions, through (i) production, (ii) marketing, (iii) governance, and (iv) Information Technology and e-governance.

One of the key priority areas under the KRDP is effective Marketing of Khadi and Village Industries products. As per KRDP policy framework, KVIC is required to develop a product catalogue based on the market survey and set-up a market information system. The progress report elaborates on the activities undertaken in development of product catalogue and market information system.

2. Need and Rationale

Currently Khadi and VI products are being sold through a network of more than 5,000 sales outlets spread across the country. The KVI sector operates in a decentralized eco-system with distributed production by around 2,000 KIs across the country. The 7 Direct Sales Outlets operated by KVIC also source the products from various KIs and sell it through both in-store merchandise and off-late through online retailers. The product categories have wide variety depending on where and who produces them in the country. A market survey was carried out by KVIC through an independent agency in July-September 2011. The survey findings indicated the nature of products which were high in demand and also indicated the need for building awareness amongst the consumers and potential consumers. KVIC has recently conducted two other market surveys for domestic and international markets, these survey indicated the following challenges.

- **Lack of awareness in consumers:** There is a lack of awareness in consumers about the various categories/ range of Khadi products and associated benefits. The institutions have

limited channels to showcase their product to large consumer base. Currently the sale of Khadi is limited to a small segment of consumers who believe in Khadi Ideology and have understanding about the quality of Khadi products.

- **No IT enabled platform for Khadi Institutions to market products:** Currently there is no IT enabled platform available to Khadi Institutions and sales outlets to analyse the demand of various product in different consumer segments and take decision on production and other promotional activities. The efforts are being made by KIs and KVIC to understand the need and preferences of consumers but due to lack of proper channels and enabling environment, it is very difficult to get feedback/ response from consumers on the wide range of products.

Considering the increasing penetration of internet technologies where consumers are moving to digital platforms for getting information on products and associated benefits, there is a need to develop the digital product catalogue and made available to larger consumer base for effective marketing and sales of Khadi products.

Khadi and VI products are being sold in Domestic and International markets. Considering the wide expansion of KVIC products, there is a greater need for analysing market information by understanding trend on sales, consumer preferences and feedback. Without proper information on sales and other market data, the KIs face challenges in meeting production of KVI products as per the latest trend in demand. Therefore, there is a need to develop an IT enabled marketing information system at KVIC which would gather information from various sources including existing MIS and other applications developed by KVIC and provide decision support system to KVIC officials and KIs.

3. Product Catalogue

The development of Product Catalogue for fast moving Khadi products was envisaged under KRDP with an objective of showcasing the niche products made by Khadi and Village Industries

Institutions registered with KVIC. In order to strengthen the marketing linkages between consumers and Khadi Institutions, Directorate of Marketing, KVIC developed a product

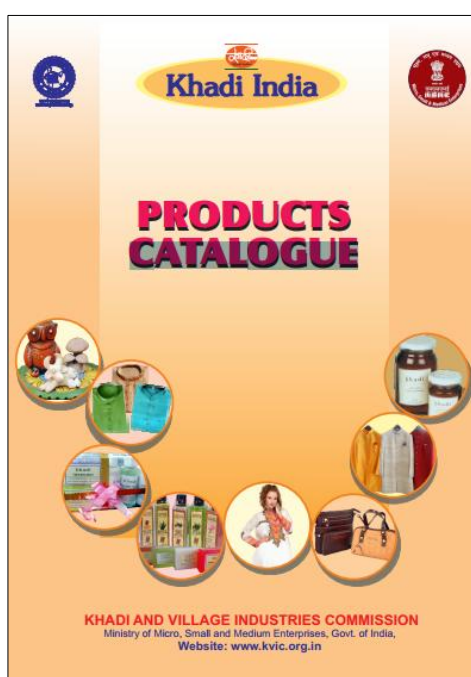
Product Catalogue and Mar



catalogue which covers a range of more than 90 products of Khadi and Village Industries. A pdf version of product catalogue has been uploaded on KVIC website and can be accessed on this link - <http://www.kvic.org.in/kvicres/update/MARKETING/Mkt%20e-catalogue.pdf>.

The pdf/print version of product catalogue provides following details to the prospective consumers:

- Product Name
- Product Description
- Photograph of the Khadi/ VI Product
- Barcode for product identification



3.1. IT enabled- e-Product Catalogue

The product catalog presents products or services along with descriptions, prices and other details, such as images or links. KVIC took the initiative of developing **IT enabled digital/e-product catalogue** with the active participation and support from Khadi Institutions. To develop the same, Khadi Institutions are given facility of uploading their fast moving/ premium products online through the web-link created by KVIC on the existing MIS developed for them. The process for uploading the products by KIs on web-portal is explained below:

Uploading of Product Information by KI: Khadi Institutions will have access to database of all the products which KI is selling. At institution level, details of a product including category, name,

description, GST, rebate, etc. are captured. A screen-shot of the web page showing upload link is provided below:

The screenshot displays the 'Counter Wise Product Add Master' form and a table of existing products. The table has the following columns: Product Code, Main Product, Sub Product, Product Name, Product Short Name, Unit Quantity, HSN Code, GST (%), GST on sales Amount, GST (% MAX), Rebate MDA/Discount, and Active. The 'Upload' button for the product with code 0000935 is circled in red, and an orange callout bubble points to it with the text 'Link to upload Product image and description'.

Product Code	Main Product	Sub Product	Product Name	Product Short Name	Unit Quantity	HSN Code	GST (%)	GST on sales Amount	GST (% MAX)	Rebate MDA/Discount	Active
0000844	HONEY	NATURAL HONEY	BOTTLED HONEY	BOTTLED HONEY	Pcs / Nos (Countable)	0409	5		5	NO	YES
0000935	FOOD ITEMS	DIETARY SUPPLEMENT	Navara Rice	Navara Rice	Pcs / Nos (Countable)	1006	5		0	NO	YES
0000936	FOOD ITEMS	DIETARY SUPPLEMENT	Unakkal Rice	Unakkal Rice	Pcs / Nos (Countable)	1006	5		0	NO	YES

KIs have the option to upload following details about the product in online product catalogue screen.

- Product Name and Title
- Product Description
- Product Photo

- Product Design and Colour

The screenshot shows a web application interface for uploading product information. At the top, there is a header for 'Khadi Institution Management Information'. Below it, a modal window titled 'Upload' is open, displaying the 'Upload Product Photo Form'. The form has a light green background and contains the following elements:

- Uploaded Product Photo:** A preview image of a rice bag.
- Note:** Two instructions: '1. Only jpg,png,jpeg File can be uploaded' and '2. The file size should be not more than 100 kb'.
- Product Code:** 422002810100000935
- Product Name:** Navara Rice
- Select File for Photo:** A button labeled 'Choose File' and a status 'No file chosen'.
- Product Description (Briefly):** A text area containing 'Navara Rice'.
- Design:** A dropdown menu with 'Product Design' selected.
- Color:** A dropdown menu with 'Brown' selected.
- Size:** A text input field with '10.2' entered.
- Product Title:** A text input field with 'Product Title' entered.
- Save:** A red button at the bottom center of the form.

The centralised database which is currently maintained by the Directorate of IT will store all the products uploaded by KIs. In order to display the product catalogue to larger consumer base, KVIC will link the database to its website. A screen-shot of sample screen showing digitized / e-product catalogue is provided below:

Khadi Institution Market Information System

PRODUCT CATALOGUE



Khadi Formal Shirt

Colour : Blue
Fabric : Poly Cotton
Long Sleeve
Neck Style : Banded Collar



Men's Formal Shirt

Colour : White
Cotton : 100%
Dry Clean
Style : Plain



Men's Casual Shirt

Colour : Brown
Material : Silk
Dry Clean
Sleeves : Half



Traditional Ladies Kurti

100% Cotton Material
Colour Suitable for Day and Night
Easy Maintain
Perfect for any Casual Location



Ladies Kurti

Colour Blue
Sleeves Type : Half
Normal Wash



V Nek Casual Wear Kurti

Women V-neck Kurta
Sleeves Type : 3/4 Sleeve
Perfect for -Casual, Occasional,
Office, Festive, and Ethnic wear



KVIC is also planning to link the e-product catalogue on the Indian map so that users can locate the particular product and buy the product in hassle free manner. KVIC is also planning to collaborate with some of the e-Commerce service providers to boost the sale of Khadi and VI products. Some of the key products are also displayed on www.aarmart.com.

3.2. Benefits of Product Catalogue

The envisaged benefits of the product catalogue are:

1. **Improved customer reach and Demand:** The printed and digitized version of product catalogue will work as a powerful tool in broadening the customer reach. Customers will get reference of KVI product, availability in his/her area and details of Khadi Institution/ Sales outlets where the product is available.

-
2. **Improved branding of Khadi:** The product catalogue will showcase the products with required details to the target customers. This will improve the communication channel between customers and KIs and will lead to increase in sale and will improve the branding of Khadi.
 3. **Communicating the product benefits to customers:** The product catalogue will support KIs to communicating the key benefits to the customers and also to address their concerns

4. Market Information System

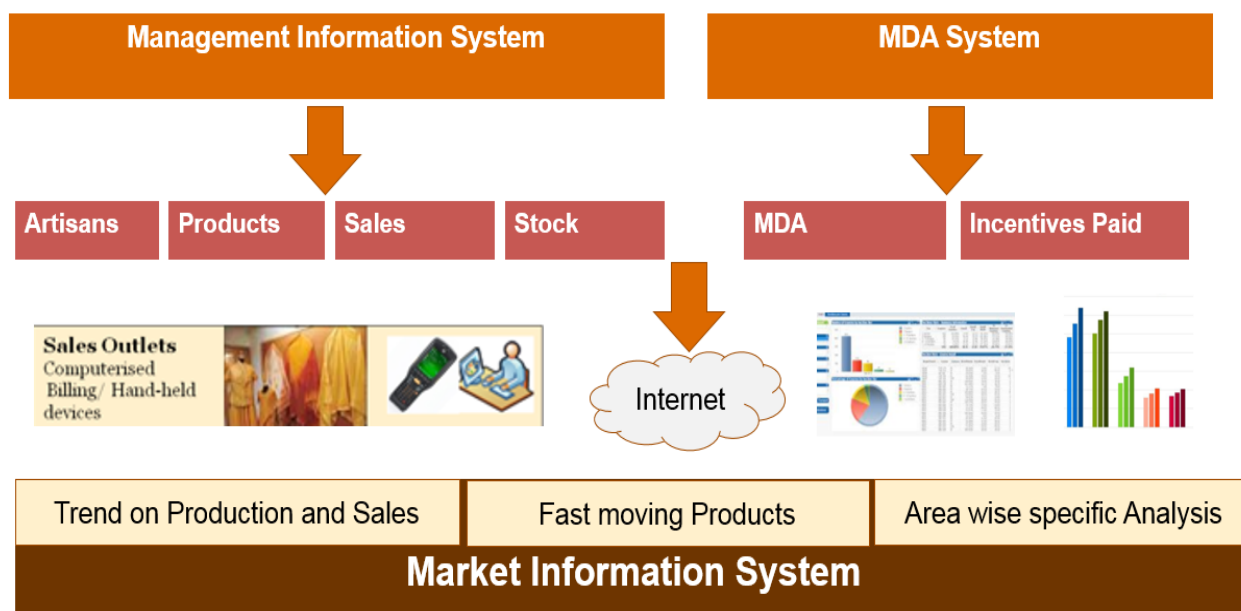
The marketing information system is an IT enabled web-based application which would gather marketing data e.g. sales trend and production from the existing Management Information System and other systems developed by KVIC, analyse the present the same to KVIC and KI management for taking production and marketing decision.

KVIC has already implemented an IT enabled Management Information System in Khadi Institutions which has various functionalities including capturing transactions pertaining to various processes of Khadi Institutions. The MIS system enables KIs to keep track of products sold in market. The sales module of MIS keeps record of all the sales transactions made in a particular period. The Marketing Information System fetches sales and other important data from MIS and other systems and provides a quick analysis to the marketing department.

4.1. Data Flow in Market Information System

The source of input data for market information system is mainly the KI-MIS software which has been implemented for all Khadi Institutions. Specific support is being provided to 400 KIs as part of DRA to implement the MIS. This system captures sales data on products sold in Domestic and International markets. The MDA system developed by KVIC captures the MDA disbursed to KIs and artisans through bank transfer/ DBT.

The marketing information system has been developed with in objective to analyse and assess this information by integrating the database with MIS, MDA and other systems. It provides real-time visibility into performance of Khadi Institutions. The architecture presented below provides a board level data flow in marketing information system



The system facilitates institutions in understanding the needs and preferences of wide segment of consumers, change in their buying pattern and impact of external factors on sales.

Some of the key features of marketing information is provided below:

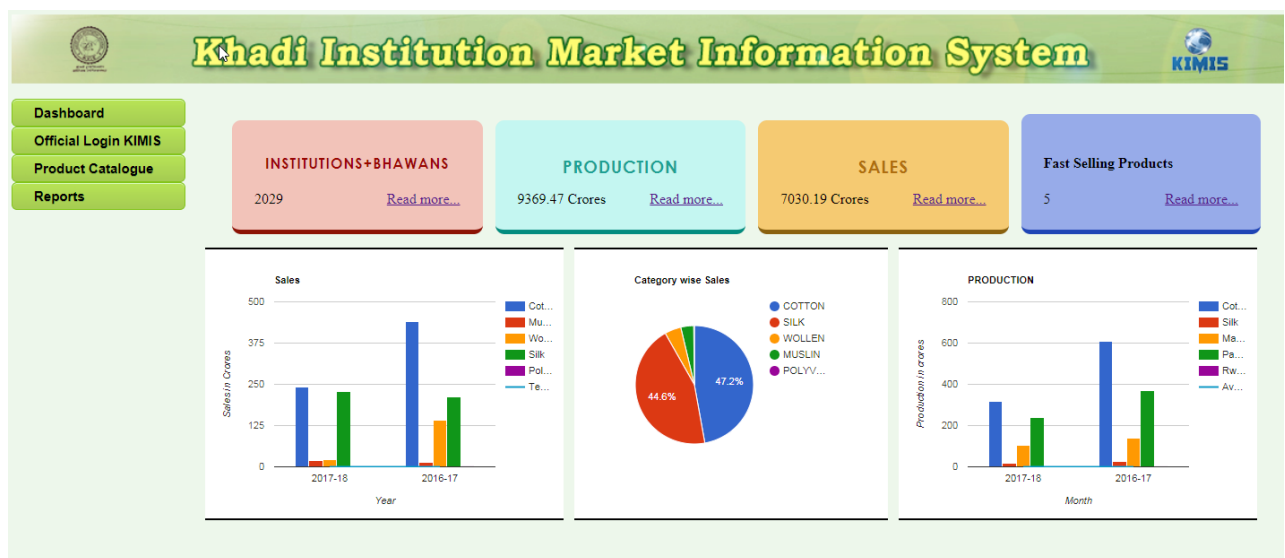
- Web-based interface developed on centralised database of Khadi Institutions
- Provision for linking dynamic product catalogue
- Provide real time visibility on production, sales and other information data required for taking marketing decision
- Encourage KI in understanding market trends, consumer buying pattern, preferences, product design and marketing, sales etc.
- Single point information availability at KVIC through consolidation of information from KIs

The key components of system is provided below:

1. **User interfaces:** The system is used by KVIC internally and reports made available to KIs. A link for accessing the marketing information system dashboard is provided in existing MIS. Currently this features in provided in KVIC Head Office module.

2. **Application software:** DIT has developed the application software and hosted centrally in the KVIC head office. The application has been developed on three tier architecture which makes the development and maintenance safe and secure. Business logics required for generating reports and trends are incorporated and managed centrally. KIs and KVIC can generate required reports as per their requirements through web interface.
3. **Database.** The systems is built upon a relation database management system provides a data repository system for storing KVI data and further process the same for reporting.

Screen-shot of marketing information system is provided below:



4.2. Benefits of Market Information System

1. **Support KIs in Production and Marketing Activities.** Majority of the KIs operate at a very small scale with limited bandwidth to set up their website and attract sufficient traffic. With the growing number of population moving towards digital modes of purchasing, the system shall give an opportunity to the Khadi and Village Industries (KVI) sector to reach out to the consumers which are availing this mode. The larger MIS platform with provision to upload the individual KIs' product on-line will help in creating awareness about the products and understand the customer demand. The aggregated demand could be compared with the production information available in the Marketing Information System.

As Khadi products cannot be mass produced and there is a lag time in production due to manual nature of craft, this would give an advance indication to KIs, artisans and weavers to understand the Demand and adjust their production pattern linked to market demand.

2. **Support in Targeting Consumers Segments.** As mentioned above, the marketing information system will gather sales data and present the same in form of trends and graphs. The system will also store historical data which will help identify a certain segment/ consumer group which should be targeted. It will help KVIC in analysing product wise and location wise the price and other rebates given to consumers along with their sales pattern. The system may be upgraded later to integrate with other external systems to monitor market trends

5. Next Steps

KVIC is planning to take the following steps to increase the effectiveness of this system.

1. **Continuous awareness generation and capacity building exercise:** There is a need to create awareness among KIs for adoption of IT enabled systems and processes. The benefits associated with the use of marketing information system and other components should be communicated to end users. Focus should be given to training to KIs. The role of field offices is critical in creating awareness among KIs.
2. **Upgradation of Marketing Information System on Continuous basis:** It is very important to upgrade the software to incorporate the new requirements. For example, the master data related to Khadi and VI products will need continuous updations to enable transactions by KIs. Also, regular updations will address the technical problems being faced by the end user and will improve ease-of-use in order to save time and efforts.