



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: 02.11.2017

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

Sub : Compliance of 3rd tranche conditions under KRDP for progress on phasing out of production incentives on other categories of products and assess the impact-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 8th tranche condition states that "KVIC shall have continued the phasing out of production incentives on other categories of products and assess the impact on sales as a result of this" have been fulfilled by KVIC. The status is as follows :

Finalised restructured tranche condition	Evidence	Status as on 2 nd Nov 2017
KVIC shall have continued the phasing out of production incentives on other categories of products and assess the impact on sales as a result of this	Progress Report on phasing out of production incentives on other categories of products and assess the impact on sales	Completed. Progress Report on phasing out of production incentives on other categories of products and assess the impact on sales prepared

The Progress Report as evidences of compliance is enclosed.

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

Yours faithfully,

Encl: As above

Dy. Chief Executive Officer (RID)

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
Gramodaya, 3, Irla Road, Vile Parle (W), Mumbai-400056
Tel: 022-26714320/22/25, Telefax: 022-2671 1593
Email: rid@kvic.gov.in Website: www.kvic.org.in

Khadi Reform and Development Programme

Progress Report

KVIC shall have continued the phasing out of production incentives on other categories of products and assess the impact on sales as a result of this

October 2017



कामये दुर्वत्प्रानाम् ।
प्राणिनाम् आतिनाशनम्॥

Khadi and Village Industry Commission

Ministry of Micro Small and Medium Enterprises,
Government of India



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1. Background

The Khadi sector has traditionally depended on subsidies (Interest Subsidy Eligibility Certificate) and Market Development Assistance (MDA) for its activities. In order to make the sector self-sustainable, it was envisaged that under KRDP, reforms would be introduced for rationalizing the financial assistance through gradual phasing out of subsidies. It was envisioned that the through better and improved products, along with sales at market linked prices shall generate profit / surplus, which could be utilised for making the Khadi Institution and the sector self sustainable over a period of time. For this, interventions such as market linked pricing, benefit chart, MMDA (Modified MDA) and MPDA (Market Promotion and Development Assistance) were introduced as part of KRDP. All these intervention are inter-linked and suitably complement each other.

2. Policy Interventions - MMDA and MPDA

The first key step towards the phasing out of production incentive was initiated in 2011, as part of second tranche policy action of KRDP, with the formulation of the Modified MDA (MMDA) plan which focused on providing MDA support on only those products that required it. This was further strengthened and formalized with the introduction of the Market Promotion and Development Assistance (MPDA) in 2016 which was issued by MSME and aimed ***at rationalization of financial assistance and gradual withdrawal of subsidy and market segmentation of Khadi and Village Industry products for effective pricing to be sold at premium leading to reduced reliance on Government subsidy.*** It is a unified scheme, formulated by merging different schemes/ sub- schemes/ components of different Heads namely (a) Market Development Assistance (b) Publicity (c) Market promotion and Infrastructure. Some of the key aims for MPDA include the following:

- (a) Rationalization of financial assistance and gradual withdrawal of subsidy
- (b) Market segmentation of Khadi and Village Industry products for effective pricing to be sold at premium leading to reduced reliance on Government subsidy
- (c) Strengthening of marketing network, and opportunities in domestic and International markets to Khadi and Village Industry units by organizing and participating in exhibitions, provide publicity of the schemes, quality products of KVI sector and creation of demand pool.
- (d) Incentives to be given to other Artisans and Karyakartas
- (e) Infrastructure development by setting up of Khadi Plaza.

Details on the MPDA guidelines is provided at Annexure.

3. Implementation of MPDA

Considering the traditional nature of the sector, implementing large scale reforms such as phasing out of production incentive is a challenging task. While the guideline for MPDA was issued in the last quarter of 2016, there were no major activities undertaken apart from the phasing out of financial assistance available for products under Rate Contract as the first step.

The impact of this phasing out of support for products sold under Rate Contract is covered in subsequent sections.

The informal consultations done by the State Offices, indicated the following key reasons for non-adoption of the guidelines by KIs.

- a) Many of the Khadi Institutions did not implement the Market Linked Pricing and hence were not ready to undertake market segmentation to differentiate products to be sold at market potential prices and generate surplus
- b) Many of the Khadi Institutions expressed that sustainability without government subsidies shall be challenging and hence did not wish to part away from the financial benefits from the government

KVIC initiated formal orientation, awareness building and consultations with KIs at zonal level. Discussion on MPDA plans were part of these larger KRDP consultation meetings. Following consultation workshops were conducted.

Zone	Location	Date
East	Kolkata	21.12.2016
West	Ahmedabad	28.02.2017
South	Tiruppur	21.04.2017
Central	Lucknow	26.04.2017
North	Delhi	01.05.2017
East	Kolkata	12.05.2017

Some of the photographs of the workshop conducted in Gujarat, Tamil Nadu and West Bengal is provided below respectively. Some of the photographs of the awareness workshops.





Further, to give more impetus to field level initiatives, a circular was issued by KVIC on 26 March 2017 for the phasing out of production incentives and assess the impact of sale of the Khadi products and the same is provided as Annexure. The circular directed the state and divisional directors to identify five premium products in each KIs which can be sold at market price and generate surplus. The state offices are in consultation with the KIs and in the process of finalization of the products.

Subsequently another circular has been issued on 01 November 2017, wherein the target vision of Khadi sales of INR 160,000 million by 2021-22 has been shared with key stakeholders. The circular recommends state office to encouraging individual, entrepreneurs, companies, NGO and SHGs to take up Khadi production and sales on commercially profit generating entrepreneur model which can stand on its own strength without any subsidy from the government. A copy of the circular is attached in the Annexure.

3. Impact Assessment on Sales

Though the MPDA implementation at the KI level has seen a low participation, it has been actively being implemented by KVIC under the Rate Contract. As part of the MPDA guidelines, production of Khadi and Polyvastara products, for the purpose of Government supply under the rate contract were phased out of MMDA. An assessment for the period between April 2017 to September 2017 indicates that orders worth USD 4.02 mn were executed by KVIC which was 58% more than the same period last year. Some of the product items which saw a major surge in the sales despite out of MDA, includes Dosuti Bleached, Duster, Bunting Cloth Green, long and sponge cloth bleached. There was a short fall in some of the products as well including Dosuti Blue and Bunting cloth red. Given the significant increase in sales, it may be considered that there has been no major impact on the withdrawal of MDA on certain category of products. The details of growth / decrease in sales of products is provided in the Annexure.

The production activities for most of the items under Rate Contract is linked to the orders received from the institutional buyers. Due to certainty in the sales happening provided the products meet minimum quality, effect of removal of financial assistance from such sales is not a good indication of the effectiveness of the phasing out of production incentive. The buoyed sales from institutional buyers can also be attributed to greater political support and push on adoption of khadi and village industry products by Central Public Sector Units.

However, it must be appreciated that the removal of financial assistance from such products would make the production process more efficient and quality conscious. In absence of support available under MDA, the KIs have to agree the price and quality based on their own production cost.

KVIC has already initiated the process for identifying retail products sold to consumers which could be removed from the MDA list with a circular to identify such products at each KI level.

4. Way Forward

Implementation of MPDA is still in nascent stage. To increase the pace and effectiveness of the implementation the following may be considered going forward.

- 1. Promoting market linked pricing** – Lack of implementation of market linked pricing, and subsequently its effect in generation of surplus, is found to be one of the key constraint for moving towards phasing out of financial assistance. KIs need to be encouraged to practice

market-linked pricing instead of the conventional pricing based on Cost Chart. Additional state-level workshops are planned to be conducted to acquaint them with the concept of market-linked pricing, and its benefits across the value chain.

2. Active implementation by Khadi Institutions –The success of this scheme will depend on the active implementation by the Khadi Institutions and hence KVIC shall be making efforts to increase this coverage significantly. The KIs need to be oriented to identify and produce premium products and subsequently make surplus and be self-sustainable in nature.

3. Capacity Building of KIs – There shall be an immense need of Khadi Institutions to build their capacities in terms of product line, production processes and value chain. Hence capacity building exercises are being planned and implemented through the state offices.

4. Strengthening of compliance, reporting and monitoring processes – Proper monitoring and reporting systems is needed to assess the effectiveness. The functionalities developed under KI MIS and MDA system are supporting KVIC in carrying out such monitoring.

5. Reward and Recognition - Incentives and awards are being planned for well performing KIs. The success stories shall be promoted and shared at various platforms. This shall encourage participation and contribute towards the overall growth of the sector.

Annexure 1 - Letter from KVIC to State office in March 2017

The State /Divisional Directors
Khadi & V.I.Commission
State/Divisional Offices

Sub: Implementation of Benefit Chart and phasing out the production incentives and assess the impact on sale of the Khadi products as a part of KRDP tranche conditions – reg.

Ref: - (i) This Directorate Circular dt: 28.04.2011, 24.05.2011
dt:22/23.09.2015 and 23.03.2017
(3) State Directors Conference held on 20.01.2017.
(4) 2nd meeting minutes of the Benefit Chart Committee in the Cabin of Dy.C.E.O (Khadi/ROID) held on 24.03.2017.

Sir

Kindly refer to this Directorate letter dated: 23.03.2017, wherein it was requested to identify 5 premium products, which can be sold in Market linked price in consultation with major Khadi institutions in order to comply the 3rd tranche conditions set by ADB under KRDP in implementation of Benefit chart latest by July 2017.


In this connection, it is to inform that the 2nd meeting of the implementation of Benefit Chart meeting was held on 24.03.2017 in the cabin of Dy.C.E.O (Khadi/RID).

In the said meeting, it was decided the following action points: -

- i) It was decided that the KIs should maintain a separate head of account called 'Benefit Chart Surplus Account' from financial year 2017-18.
- ii) State /Divisional Directors shall identify 5 premium products in each KIs which can be sold at Market linked price.
- iii) The Zonal Dy C.E.O's would monitor the progress on monthly basis and send the report to Directorate of Khadi /RID.

All State/Divisional Directors are requested to note the same and complete the task latest by 15.04.2017 and report to Directorate of RID & Director (Khadi) so as to appraise the latest position to the Ministry and ADB.

Kindly treat this as Most **URGENT AND TAKE TIME BOUND ACTION.**

Yours faithfully 

Annexure 2 – Letter from KVIC to State office in November 2017

D. DHANAPAL

No. Dy.CEO Cell/Khadi/Corres/2017-18

Date: 01.11.2017

To

1) All Zonal Dy.CEOs
Khadi and V.I.Commission.

2) All State/Divisional Directors
Khadi & V.I. Commission

Sub: Transforming khadi sector into a self sustainable business model – reg.

Sir,

As you are all aware that KRDP programme was started with assistance of Asian Development Bank with an objective to transform the Khadi Sector into a vibrant, self-sustaining and a successful business model which will generate sustainable employment to the rural artisans.

2. With our experience in implementation of KRDP programme during last three years, the Khadi Sector can be made into a successful business venture. The renovation of khadi sales outlets coupled with modernisation of production infrastructure has yielded tremendous result and the sales has increased by 2-3 fold in the KRDP institution.

3. The Ministry of MSME, Govt. of India has decided that the target of khadi sales by the year 2021-22 at Rs.16000 crores. It is proposed to encourage individual Entrepreneurs, Companies, NGOs, SHGs etc.to take up khadi production and sales on commercially profit generating Entrepreneurial Model which can stand on its own strength without any subsidy from the Govt.of India. The target for the next five years has already been communicated vide letter No. Dy.CEO Cell/Khadi/Corres/2017-18 dated 30.10.2017 to all the Zonal Dy.CEOs and all the State/Divisional Directors of KVIC for achieving the sales target of Rs.16000 crores by 2021-22.

4. Hence all the field officers like Zonal Dy.CEOs, State/Divisional Directors, Khadi Incharges may take immediate steps for achieving the target set by the Ministry. They may also hold constructive discussion with all the stake holders so that a broader consensus can be made to transform the khadi into fully self-sustaining

Annexure 3 – Impact of sales on PI implementation on RC

COMPARATIVE STATEMENT OF ORDER EXECUTED TO RAILWAY OF R.C. ITEMS FOR THE PERIOD FROM 2016-17 AND 2017-18 (APRIL TO SEPT)

All figures in INR million

SN	Items	Orders Executed in 2016-17 (April 16 to Sept 16)	Orders Executed in 2017-18 (April 17 to Sept 17)	Growth
1	Bunting cloth Green	0.13	0.37	183%
2	Bunting cloth Red	2.79	0.00	-100%
3	Dosuti Blue	5.58	3.53	-37%
4	Dosuti Bleached	0.42	7.21	1612%
5	Dosuti M Khaki	0.00	0.00	NA

6	Dosuti N.Red	0.00	0.76	NA
7	Dungry Blue	25.76	36.20	41%
8	Dungry Bleached	31.81	49.58	56%
9	Duster 30x30 cms	12.27	32.64	166%
10	Duster 51x46 cms	18.93	31.67	67%
11	Duster 61x61 cms	29.84	47.98	61%
12	F.H.Signal Green	2.65	2.97	12%
13	F.H.Signal Red	2.30	3.28	43%
14	H.C.Towel 91x61 cms	0.97	1.85	90%
15	H.C.Towel 152x60 cms	0.13	0.00	-100%
16	H.C.Towel 60X40 cms	0.00	0.00	NA
17	H.C.Towel Color152x60 cms	0.00	0.00	NA
18	Long Cloth Bleached	17.37	26.40	52%
19	Long Cloth Blue	1.06	0.00	-100%
20	Pugree Bleached	0.00	0.00	NA
21	Pugree Red	0.00	7.32	NA
22	Sheeting Cloth	12.22	7.13	-42%
23	Sponge Cloth 50x45 cms	1.51	2.26	50%
24	Sponge Cloth 56x56 cms	0.00	0.00	NA
25	Polyvastra Suiting (White)	0.00	0.00	NA
26	Polyvastra Suiting (Color)	0.00	0.00	NA
Total Value		165.7	261.1	58%

Annexure – 4 (MPDA Guideline)

खादी और ग्रामोद्योग आयोग
Khadi & Village Industries Commission
सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय, भारत सरकार
Ministry of Micro, Small & Medium Enterprises, Govt. of India,
खादी निदेशालय
Directorate of Khadi

NO:- DK/KC/Khadi/MPDA/Guidelines/16-17

Date: 26.12.2016

CIRCULAR

Sub: Implementation of MPDA Scheme w.e.f. 3rd Quarter of 2016-17 in place of MDA - Reg.

Ref.: OM dated 2nd September 2016 of MSME Govt. of India

The Govt. of India, MSME have approved the guidelines of Market Promotion and Development Assistance Scheme (MPDA) for implementation. The detailed guidelines approved by Govt. of India, MSME, is placed at **Annexure-I**. State/Divisional Offices and Khadi Institutions (KIs) are requested to peruse the same meticulously and arrange implementation in compliance of conditions mentioned therein.

This scheme shall come into effect from 3rd Quarter of the financial year 2016-17. The KIs have to submit their 3rd Quarter claims under this scheme in the 1st week of January 2017 through online DBT software being used for filing MDA claims.

Elucidations to the guidelines are given below:

- i. The existing MDA Scheme has been modified and termed as Modified MDA (MMDA). The modified MDA shall be calculated at 30% of the prime cost.

The Prime Cost for the purpose of calculation of MMDA shall include cost of raw material plus conversion charges upto grey cloth plus processing charges without margin, as specified in the cost chart. It does not include establishment margin, trade margin, insurance and bank interest.

A comparative statement indicating components of prime cost and total cost for calculation of MDA as well as MMDA is placed at **Annexure-II**.

- ii. Under the Modified MDA, the cost chart is to be reckoned for the purpose of claiming MMDA which is a Govt. subsidy and the pricing of Khadi and Polyvastra is fully de-linked from the cost chart and products can be sold at market-linked prices at all stages of production. Incentives would be extended to Artisans and Karyakartas. The production and marketing support for products, which are self-sustainable, will be gradually phased out.
- iii. Under MMDA scheme, the karyakartas shall cover artisans who are engaged in the pre-processing activities of spinning and weaving and also processing of Khadi and Polyvastra such as dyeing, workers of Khadi Institutions working in production centers.

- iv. Khadi Institutions undertaking production as well as sales activity shall be entitled for 60% of MMDA on Prime Cost. Out of remaining 40% MMDA, 30% shall be distributed to spinners and weavers and 10% to karyakartas/other artisans-as mentioned at point no. iii. above.

The producing institutions while effecting whole sales shall pass on 20% of MMDA to purchasing institutions through whole sale invoice and the selling institutions shall utilize the same for the purpose as detailed in the enclosed O.M. at Para 3A(II) and furnish U.C.

- v. Periodicity of MMDA Claims

Producing institutions shall submit quarterly claims of MMDA on prime cost for the production achieved during the preceding quarter within 15 days of completion of the quarter through **online MDA processing system of KVIC**. The claims not submitted in time will be forfeited and returned to Khadi and Polyvastra Institutions.

- vi. Settlement of claims

All claims received by State/Divisional Directors shall be processed for release of MMDA on daily basis and recommendation to Directorate of Khadi through **online MDA processing system of KVIC** for release of MMDA payment should be completed within 7 working days.

The Directorate of Khadi shall scrutinize and recommend claims, forwarded by field offices, within 7 working days to Directorate of Accounts.

The claims recommended by Directorate of Khadi to Directorate^{of} Accounts through online system shall be processed and released to the respective institution and artisans directly into their bank account within 5 working days.

Note: Recovery of dues out of MMDA claims to be effected shall not exceed 75% of eligible amount and this relaxation will be applicable only to institutions having combined production target (Khadi + Polyvastra) upto Rs.1.00 crore per annum.

- vii. Furnishing of Utilization Certificate

The Khadi institutions availing MMDA will be bound to furnish utilization certificate annually as rendered by registered Chartered Accountants (CA), clearly indicating registration number and address of the CA. The format of utilization certificate, guidelines etc. will be circulated from time to time by KVIC.

CAs while furnishing the utilization certificate for MMDA, are expected to report on financial propriety, compliance to Rules, Regulations, Guidelines, financial sanctions issued by KVIC, recommendation of State Level Budget Team of KVIC, etc. and to satisfy themselves as to existence of infrastructure - charkhas, looms, artisans, availability of raw material, appropriate application of utilization of MMDA on areas agreed etc. and only after being satisfied on these points will authenticate the utilization certificates.

In addition to above KIs have to furnish UCs every quarter in the format placed at **Annexure-III** and the annual UCs shall be furnished by KIs with the certificate from Chartered Accountant in the format placed at **Annexure-IV**.

viii. Period of utilization of MMDA

Utilization of MMDA for certain purposes such as modernization, renovation, research and development etc. may take a period of more than one year. In such cases, the Khadi and Polyvastra Institutions will be allowed to spend MMDA up to two years from the date of actual receipt with specific sanction from KVIC. In order to manage the MMDA amount effectively, it will be mandatory on the part of the institutions to maintain a separate bank account, which will be subject to verification by KVIC.

ix. Test Check/Test Audit and Monitoring of MMDA on Production

KVIC shall conduct test audit/ check of MMDA claims through its Audit Teams, in respect of all the institutions availing MMDA. The KVIC will reserve its right for such test audit / check and in case of any mis-utilization, it may order for complete audit of accounts of the Khadi Institution /Khadi &Village Industries Boards. The MMDA claims will also be open for 'internal audit' by the Chief Controller of Accounts (CCA) of the Ministry of MSME.

As the funds for MMDA would be extended from public funds, the office of Controller and Audit General of India will have the right of conducting audit / test check or otherwise as decided by that office.

x. Dispute Settlement in transfer of MMDA

In case of non-transfer or improper transfer of MMDA by the producing institutions to other stake holders especially the selling institution, the stake holder should bring such transactions immediately (within one month of transaction) to the notice of State and Divisional Directors of KVIC who will direct the producing institutions to transfer the eligible portion of MMDA forthwith. In case the khadi producing institution is not abiding by the directives of KVIC, State/Divisional Directors will deduct the amount from the claim of the khadi producing institutions and remit to the stakeholders selling institutions.

No penalty will be charged for first transaction and for subsequent transactions, the State/ Divisional Director will arrange recovery of eligible MMDA amount along-with 5% interest calculated from the date of transaction and pay to selling institution.

xi. The Financial Advisor/ Chairman of Central Appellate Authority (CAA) shall be the Appellate Authority for all disputes and all KIs will be bound by his decision.

State/Divisional Offices may bring the content of this Circular to the notice of all KIs and KVIBs for effective implementation.


Chief Executive Officer

To

1. All State/Divisional Directors/In-charges
2. CEO/MD/Member Secretary of all KVIBs

Copy to:

1. Jt. Secretary to Govt. of India, Ministry of MSME, Udyog Bhavan, New Delhi.
2. All Members of the Commission.

3. Secretary to Chairman
4. OSD to CEO
5. OSD, FA Cell
6. Jt. CEO, KVIC
7. All Dy. CEOs
8. Director (IT) - with a request to e-mail to all KIs.
9. Principal - all MTDCs
10. Managers - all CSPs/KGBs
11. All Directors/In-charges in Central Office, KVIC

Usha Suresh
Chief Executive Officer

Annexure - I

No. 4(5)/2014-KVI-P
GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
(KVI-I Section)

Udyog Bhawan, Rafi Marg,
New Delhi-110011


Dated the 2nd September, 2016

OFFICE MEMORANDUM

Subject: Guidelines of the Market Promotion and Development Assistance (MPDA) Scheme - regarding

--A--

The undersigned is directed to invite attention to this Ministry's OM of even number dated 23.9.2015 vide which Minutes of the EFC Meeting on MPDA Scheme were circulated and to enclose herewith the 'Guidelines of the Market Promotion and Development Assistance (MPDA) Scheme', duly approved by the Competent Authority, for information and necessary action.


N.K. Sahu

Under Secretary, Govt. of India
Tel No. 011-23062573
Email: sahu.nk@nic.in

Encl.: Copy of the guidelines (20 pages).

To

1. Chief Executive Officer, KVIC, 3, Irla Road, Ville Parie (W), Mumbai.
2. Adviser (PAMD), Niti Aayog, Sansad Marg, New Delhi.
3. Director (PF-II), M/o Finance, D/o Expenditure, North Block, New Delhi.
4. US (IFW), M/o MSME, Nirman Bhawan, New Delhi.

ok

Bus
2/9/16
Copy to:

1. PPS to Secretary (MSME)
2. BS to JS(ARI)
3. KVI-III Section

2/9/16

2/9
2/9

Issued
Debate
09/09/2016

GUIDELINES of MPDA SCHEME

The Expenditure Finance Committee (EFC) under the Chairmanship of Secretary (Expenditure) on 14.08.2015 approved the Scheme "Market Promotion and Development Assistance (MPDA)" of Ministry of MSME(M/o MSME). The EFC approved the following:

- (i) Approved the MPDA scheme with a total outlay of Rs 977.05 cr for the 12th Five Year Plan Period with the 'Modified Market Development Assistance' (MMDA) and new component of 'Market Promotion and Infrastructure';
- (ii) Continuation of Market Development Assistance (MDA) till the new MPDA is approved;
- (iii) M/o MSME will further consolidate its schemes on outcome basis in the 2016-17 BE.

2. Objectives of the scheme:

- (i) MPDA scheme is a unified scheme formulated by merging different schemes /sub-schemes/components of different Heads namely: Market Development Assistance, Publicity, Marketing and Market promotion and a new component of Infrastructure (inclusive of new component of Marketing Complexes/Khadi Plaza).
- (ii) MPDA aims at (a) Rationalization of financial assistance and gradual withdrawal of subsidy, (b) Market segmentation of Khadi and Village Industry products for effective pricing to be sold at premium leading to reduced reliance on Government subsidy, (c) Strengthening of marketing network, and opportunities in domestic and International markets to Khadi and Village Industry units by organising and participating in exhibitions, provide publicity of the schemes, quality products of Khadi and Village Industry sector and creation of demand pool, (d) Incentives to be given to other Artisans and Karyakartas (The workers who are involved in the process of dyeing, twisting, warping and other activities performed exclusively upto the weaving stage and who are exclusively engaged for such activities by the Khadi Institutions and not on job work basis), (e) Infrastructure development by setting up of Khadi Plaza.

3. Components of the scheme:

A. Modified MDA(MMDA):

- (i) The existing MDA scheme launched on 01.04.2010, had subsidy @ 20% on production value of Khadi to be distributed among producing institutions (30%), selling institutions (45%) and artisans (25%).
- (ii) Under the Modified MDA, Pricing would be fully de-linked from the cost chart and products can be sold at market-linked prices at all stages of production. Incentives would be extended to Artisans and Karyakartas. Further, production & marketing support for products, which are self-sustainable, will be phased out. Modified MDA shall be calculated at 30% of the Prime Cost, {cost of raw material plus conversion charges up to grey cloth plus processing charges without margins [establishment expenditure (25%) and trading, insurance & bank interest (8%)]}. The Modified MDA shall be



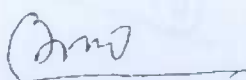
distributed amongst producing institutions (40%), selling institutions (20%) and artisans (40%).

- I. Producing Institutions shall utilize their entitled Modified Market Development Assistance for procuring equipment/technology for the following:
 - a. For technology upgradation of the existing infrastructure like replacement and/or improvement of charkhas, reeling equipment, weaving looms, etc.
 - b. Setting up of Common Facility Centres (CFCs).
 - c. Appointment of design consultants for developing new products, improving the existing designs and introduction of new/latest design from the fashion industry.
 - d. Value addition by adopting latest technologies in post fabric stage/process.

To produce khadi, introduce eco-friendly and recyclable material in packaging of raw and semi-finished Khadi and Polyvastra products. This is an indicative list and Khadi and Village Industry institutions are encouraged to take up any other activities for the increased productivity and quality of khadi products.

- II. Selling Institutions shall utilize their entitled Modified Market Development Assistance for the following sales and promotional activities:
 - a. Renovation of sales outlets
 - b. Computerisation of sales outlets for creation or introduction of facilities inter-alia including cash counting machine, computerization of accounts, stock, billing, bar coding, facilities for accepting of debit /credit card, etc.
 - c. Introduction of mobile sales van, participation in domestic and international exhibitions.
 - d. Hiring external marketing agencies for the purpose of marketing promotion, advertisement, publicity of Khadi and Polyvastra products in local electronics and print media.
 - e. Use of alternate marketing channels such as e-commerce, franchisee etc.
 - f. Introduction of eco-friendly and recyclable material in packaging of finished Khadi and Polyvastra products.
 - g. Extension of sales discount/Rebate on the occasion of Gandhi Jayanti, Independence day, Republic day and prominent festivals etc.
 - h. Offering need based discount on wholesale to private parties,
 - i. Capacity building of marketing and sales personnel.

This is an indicative list and KIs are encouraged to take up any other activities for the increase in sales, promotion, design and value addition of khadi.



III. Modified Market Development Assistance share of Artisans should be utilized for the following activities:

- a. Khadi and Village Industry Commission (KVIC) should ensure that 100% Aadhaar linked bank/post office accounts are opened for all the artisans and MMDA funds are routed to the bank/post office account. 100% payment of the artisans to be linked electronically based on Aadhaar Card.
- b. Assistance under MMDA to the artisans to be paid to their bank/post office account.
- c. KVIC would ensure that institution-wise specified targets fixed for increasing production and sales have been achieved and stock holding has been reduced.
- d. The karyakartas are the workers who are involved in the process of dyeing, twisting, warping and other activities performed exclusively upto the weaving stage and who are exclusively engaged for such activities by the Khadi Institutions and not on job work basis.
- e. Khadi and Village Industry Commission shall ensure that the premium amount of the social security schemes of PMSBY , PMJJBY APY are met out of these accounts.
- f. Khadi and Village Industry Commission shall set up a web portal for Direct Benefit Transfer (DBT) of the entire MMDA scheme and also the process of filing claims and settlement of the MMDA claims will be made time bound and online similar to PMEGP MIS portal. The process flow and Fund Flow will be as shown in Annexure - I.

B. Publicity:

Under Publicity (currently under the Village Industry Grant), KVIC undertakes publicity of schemes and products of the sector. The details of Publicity components are as in Annexure -II.

C. Market Promotion & Infrastructure:

The Market Promotion & Infrastructure (Village Industry Grant) consists of organizing fairs, exhibitions, modernization of sales outlets and the new component of 'Infrastructure'.

(1) Infrastructure encompasses establishment of Marketing Complexes/Plazas (EMCP) with an outlay of Rs 60 Crore with the maximum assistance per project limited to Rs.10 Crore.

- I. Quantum of assistance for setting up of Khadi Plaza/Market Complex will be as below:
 - a. Khadi Plaza/Market Complex developed by KVIC on its own land with 100% Government Grant,
 - b. Khadi Plaza/Market Complex developed by State Government/ State Khadi and Village Industry Boards (KVIBs) will be with 75% GOI and 25%



from State Governments/ KVIIBs (contribution in case of NER states will be 90:10) and

- c. Khadi Plaza/Market Complex developed on khadi institutions land, the upper ceiling of Government support could be one-time-assistance only to the extent of 25% of the project cost.
- d. Cost of construction shall include stall, common facilities like washrooms, parking, canteen and administrative block etc. to be given as one time non-recurring grant. Payment may be released to KVIC in two equal instalments i.e. first, on approval by Ministry and second, after obtaining Utilization Certificate of 75% of first release. KVIC may issue further instructions regarding completion of different stages of construction.

II. The proposals for setting up of Khadi Plaza or Market Complex needs to be addressed to the Director (Estates), O/o The CEO, KVIC, Mumbai along with the following **four mandatory documents**, namely:-

- (a) A Concept Paper with Techno Economic Feasibility Study Report from any reputed Institution/Agency;
- (b) Sanction Plan of the construction of the structure from the competent authority;
- (c) Rights of Land Records (Ex. Record of Rights);
- (d) Detailed Outcomes and Outputs of the Project.

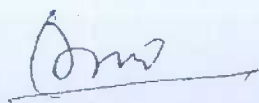
III. Director (Estates) KVIC will compile and send the proposals duly vetted by CEO KVIC to the Ministry for approval.

IV. The mode of release of payment for the setting up of the Khadi Plaza/Market Complex: Funds would be released to KVIC in two tranches, first, after Administrative approval by the Ministry and second, after obtaining Utilization Certification for 75% fund released in first tranche. KVIC has to issue suitable guidelines for disbursement of funds to the project with appropriate staging.

V. A Project Implementation Committee (PIC) to be set up by the KVIC involving representative from the KVIIBs and State Government concerned for effective monitoring of the project, including the allotment and periodical maintenance of the khadi plaza/complex. KVIC will ensure that at least 75% of floor space shall be earmarked for khadi and related activities.

VI. Allotment of Stalls/dedicated space for sales to be made by the PIC on a transparent tender-cum-auction process on tenure based rental charge basis.

VII. A separate dedicated bank account to be opened by the PIC in the name of the project and all proceeds such as deposits, rental incomes and other revenues may be kept in that account for ensuring timely and regular up-keeping and maintenance of the Plaza/Stores. The account will be jointly operated by the state director KVIC and the DY CEO KVIC, in case of projects set up by KVIC; State Director KVIC and the CEO state KVIIB, in case of projects set up by state KVIIBs and state director KVIC and secretary of the KVI, in case of projects setup by KVI. In all cases monthly receipts and



expenditure statements shall be sent to the KVIC which will ensure that these are placed before the commission.

VIII.KVIC shall ensure that these accounts are monitored through online web portal for such project separately.

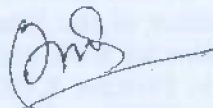
(2) Exhibitions (Foreign and Domestic):

I. Participation in International Exhibitions/Trade Fairs held in Foreign Countries.

Assistance would be provided under the scheme to the eligible KVIs for participation in International Exhibitions/ Trade Fairs held in foreign countries in order to showcase Khadi & Village Industry products to foreign countries; access international buyers and sellers and forge business alliances etc.

The eligible items for such participation and the scale of assistance would be as under:

Sl. No.	Eligible Items	Scale of Assistance
1	Space Rent	For Khadi & Village Institutions: 100% of the space rent subject to a maximum of Rs.1.00 lakh or actual rent paid, whichever is lower (for one representative from each participating enterprise).
2	Air Fare	For Khadi & Village Institutions: 100% of the economy class airfare subject to a maximum of Rs.1.50 lakh or actual fare paid, whichever is lower (for one representative from each participating enterprise). For KVIC/Government official(s), as per entitlement.
3	Duty allowance	Representative of KVIs to get US \$150 per day towards duty allowance. It may be noted that no other items of expenditure towards hotel accommodation, food, local transport etc. are payable/reimbursable separately. KVIC/Government Official(s) is entitled for airfare, DA and hotel accommodation as per entitlement prescribed by the Government.



Note:

- i. A delegation for participation in an event under the scheme would normally comprise of a minimum of 5 entrepreneurs and one KVIC/Govt. official.
- ii. If the number of participating entrepreneurs is up to 10, maximum 2 KVIC/Govt. official may be allowed to accompany and if the number of participating entrepreneurs is more than 10, prior approval of the Ministry shall be required.
- iii. Government Official is entitled for air fare, DA and hotel accommodation as per entitlement prescribed by the Government.
- iv. The participating entrepreneurs/KVIs shall bear the expenditure and claim the same in their reimbursement claim bills.
- v. In the events where more than one organisation of the Ministry and / or agency sponsored under the scheme(s) of the Ministry are participating, as far as possible, one of the organisation of the Ministry would act as lead organization to coordinate the joint participation.

II. Participation in International/Domestic/Exhibitions/Trade Fairs held in India

Assistance may be provided under the scheme for participation of KVIs in events like India International Trade Fair (IITF) organised by India Trade Promotion Organisation (ITPO) or such other reputed international exhibitions/trade fairs held in India as may be approved by the Ministry under the scheme. Items of expenditure for which assistance may be considered are specified below:

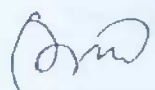
Eligible Items	Scale of Assistance
Space Rent	For KVIs: 100% of the space rent subject to a maximum of Rs.1.00 lakh or actual rent paid, whichever is lower (for one enterprise).

Other conditions

In order to make the representation in International Fairs and Exhibitions more inclusive and equitable following instructions must be followed:

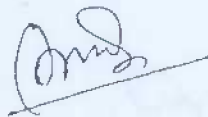
- i. Adequate representation would be given to SC/ST/Minority/ Women Entrepreneurs in such International Fairs and Exhibitions being participated by KVIC, subject to the condition that the best products would be showcased. Decision in this regard may be taken by KVIC.
- ii. While selecting entrepreneurs/KVIs, priority should be given to persons of KVI.

III. The Guidelines for holding Exhibitions/ Trade Fairs in India are in Annexure - III.



4. The EFC also raised certain issues during the discussion, which would be attempted in due course for better utilization of the scheme components:

- I. Available successful models like Delhi Haat and Heritage Plaza would be taken up in the right earnest along with identifying popular tourist places for marketing the khadi products. The e-commerce platform may also be explored as an alternate mode for marketing, as the model has succeeded in the country.
- II. As far as designs are concerned, NIFT and NID have already been associated as partners by KVIC for designing the garments. KVIC has recently introduced Khadi Denim/Khadi T-Shirt etc., to cater to the changing fashion requirements of the youth. The marketing focus on the youth has been a recent initiative by the KVIC, which needs to be pursued further.
- III. One of the key components of erstwhile Khadi Reform and Development Programme (KRDP), the provision of segmentation of products and gradual withdrawal of products out of the subsidy regime needs to be looked into and dealt with by KVIC. The market segmentation of products would be conducted in a scientific manner through a professional agency and products would be identified accordingly. The exercise may be completed within a span of 6 months from the date of issue of the Official Memorandum.
- IV. The database of artisans producing and selling institutions need to be created urgently and the Aadhaar based linkage of all accounts need to be made so that the financial assistance to the artisans could be remitted through 'Direct Benefit Transfer' (DBT) mode on the banking platform.
- V. The Fund-flow under Modified MDA (MMDA) would be as follows: Fund under MMDA comes from Govt. on the basis of budget estimate. The said fund will be transferred on-line to KVIC, by electronic transfer through the web portal developed for this. KVIC to release the fund to producing institutions i.e. MMDA to be assessed at 30% of the Prime Cost. KVIC to release 30% fund related to spinners and weavers, 10% to other artisans and Karyakartas as an incentive to be paid directly through their Aadhaar based Bank/P.O. account. Out of 40% of MMDA earmarked for producing institutions, 20% of MMDA is to be used for activities listed in para 3 A (I) and 20% would be utilized for activities listed in para 3 A (II) of the guidelines. 20% of the MMDA earmarked for selling institutions would be utilized for activities listed in para 3 A (II).



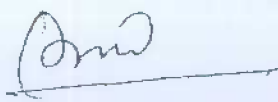
Particulars	Proposed Utilisation
Part I – Incentive to Artisans and Karyakartas	
Incentive to Spinners and Weavers	30%
Incentive to other Artisans and Karyakartas	10%
Part-II Assistance for Production and Marketing Reforms	
Production Infrastructure and Skill Development (For Producing Institutions)	20%
Sales Infrastructure including Computerization (For Producing Institutions)	20%
Market and Sales Promotion (For Selling Institutions)	20%

5. The following **terms and conditions for release of fund** from Ministry to KVIC:-

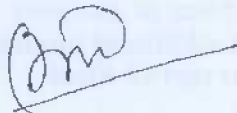
- i. Payments may be made to the artisans electronically based on Aadhaar card by KVIC.
- ii. The grant shall be utilized for settling MMDA (Modified MDA) claims of Khadi Institutions in accordance with the approved scheme guidelines on Production of Khadi and Khadi related items during current financial year.
- iii. KVIC should ensure that 100% bank accounts are opened for all the artisans and MMDA funds are routed through the Bank accounts only. Assistance under MMDA to artisans to be sent directly to their Aadhaar linked bank/post office accounts.
- iv. The KVIC would ensure that the institutions-wise specified targets fixed for Production for that year have been reached.
- v. The grant released will be utilized by KVIC during the year for the purpose of MMDA on Production as per institution – wise target fixed/claims submitted by the institutions. Further, funds would be released on quarterly basis on the basis of actual claims settled in previous quarter.

The mechanism and purpose for utilization of MMDA Grant are as follows:-

- i. KVIC would disburse the amount of MMDA for all artisans (i.e. Spinners, Weavers & Karyakartas) in the prescribed ratio directly to the aadhaar linked bank or post office accounts as per actual performance. 30% of total MMDA amount shall be passed on to the spinners and weavers and 10% to 'karyakartas' in the form of incentive or bonus through their bank or post office accounts. Such additional incentives/ bonus out of MMDA grant should not be included in the cost of Khadi.

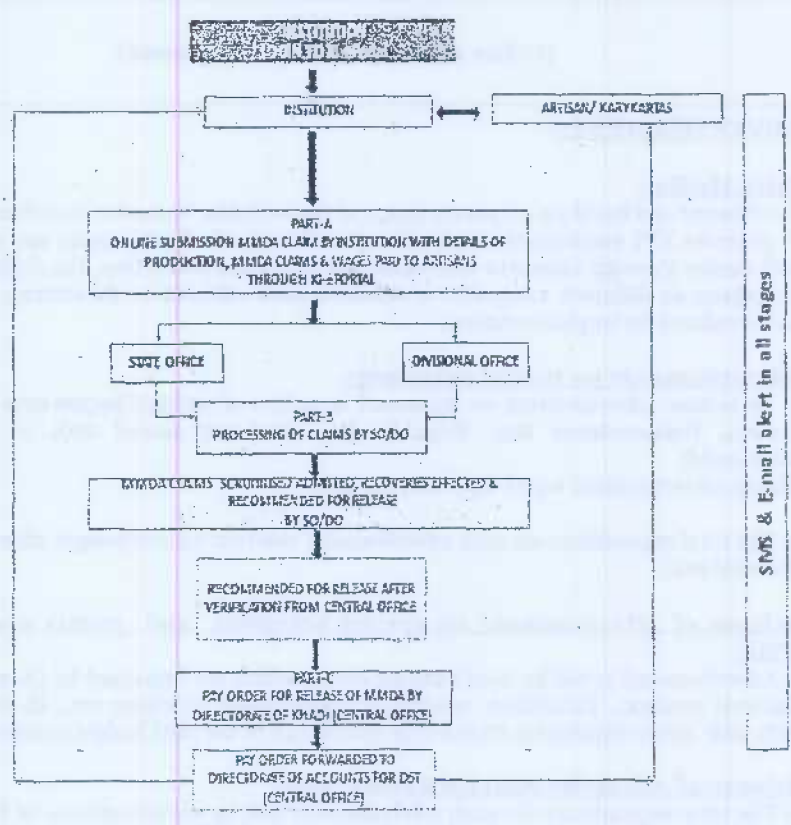


- ii. KVIC would disburse 40% of total MMDA amount towards implements/training/capacity building to the producing institutions, who are involved only in production activities and sales activities as referred to under para 3(A)(I) & (II) of this guidelines.
- iii. KVIC would disburse 20% of total MMDA amount to the selling institutions to utilize the MDA amount on renovation / modification of sales outlets, training of salespersons, computerization, development of designs, publicity, discounts (if required), who are involved only in selling activities as referred to under para 3(A)(II) of this guidelines.
- iv. Where a khadi institution is involved both in production and selling activities, the amount of assistance would be 60% of the MMDA to be provided by KVIC.
- v/ Production of Khadi and Polyvastra products for the purpose of Govt. Supplies under Rate Contract (RC) of DGS &D to be made against the wholesale target approved by Standing Finance Committee of KVIC is not eligible for MMDA, as these items are not sold through retail outlets. Hence, such items are not qualified for the MMDA support earmarked for retail sales activity.



Annexure - I

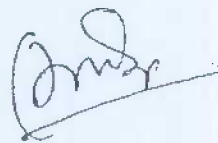
- MMDA is calculated at 30% of the Prime cost.
- MMDA is released in the ratio 40 : 40 : 20 to Artisans & Karykarts, Producing Institutions and Selling institutions.
- MMDA is released online by DBT to the Aadhaar account of Artisans and institutions



(Signature)

Publicity Scheme

Sr. No.	Existing Scheme (Office order no 1912 dt.05.02.2002)
1.	<p><u>ADVERTISEMENT:-</u></p> <p><u>Print Media:-</u> To enhance and build up corporate image of Commission, to market its schemes and also to promote KVI products through promotional tools of advertisement and publicity for KVI Sector through intensive advertisement and sales promotion, the following policy guidelines on different categories of Advertisement released by Directorate of Publicity are circulated for implementation.</p> <p><u>Advertisements on special occasions:-</u> a) To release advertisement on important occasions of national importance like Gandhi Jayanti, Independence Day, Republic Day, etc.(not exceed 20% of the budget sanctioned) Single Advertisement worth upto Rs.1.00 lakh b) The total expenditure on such advertisement shall not exceed budget allocation during financial year.</p> <p><u>Release of Advertisement on special occasions and events organised by KVIC.</u> a) Advertisement could be issued during events which are organized by Commission like National seminar, Exhibition, workshop, inauguration functions etc., in which VVIPs, VIPs and other dignitaries attend (not exceed 15% of the total budget sanctioned)</p> <p><u>Release of Advertisement for Rebate Spell.</u> a) The total expenditure for such advertisement met by the Directorate of Publicity will be 30% of the budget sanctioned for advertisement under print media in a financial year. b) Out of the total budget envisaged for rebate advertisement for Rebate Spell the following break up is made for allocation.</p> <p><u>Complimentary Advertisement in Souvenirs, magazines, Newspapers etc.</u> a) The normal ceiling of such advertisement will be Rs.10,000/- per advertisement (shall not exceed 5% of the budget sanctioned)</p>



2. **Peoples' Education Programme:-**
 The Directorate of Publicity sanctions People's Education Programme for propagating the programmes of KVIC and also to create awareness among the target beneficiaries of the opportunities of availing employment generation scheme and projects that can be set up in rural areas. The Scheme has 3 components, viz. 1) Essay Competition, 2) Debate competition, 3) Seminar.

Seminar One day	Rs.25,000/-
Essay Competition	Rs. 5,000/-
Debate Competition	Rs. 5,000/-
Total	Rs.35,000/-

The following Agencies/Institutions will be eligible for implementing the PEP Scheme:
 i) Academic Institutions.
 ii) Panchayati Raj Institutions.
 iii) NGOs involved in Rural Development.
 iv) Directly aided institutions and Board aided units of KVI.
 v) Departmental Units of KVIC and KVIB.

Sanctioning Authority:
 As per the new delegation of powers dated 10.4.2002 the State/Regional Directors have been delegated powers for sanction upto Rs.2.00 lakhs. The funds for PEP have already been provided to each State/Regional Office of KVIC and concerned State/Regional Directors are empowered to operate these sanctions as per norms. The Directorate of Publicity, in addition, has also certain funds for PEP at Head Office and in special cases, shall operate the funds for sanctioning PEP in the country.

Theme of Seminar, Essay and Debate Competition:

The focus of the Seminar can be on Rural Industrialisation and allied matters including Gandhian Ideology, Philosophy, etc. However, it would be more relevant to utilise the Seminars for promoting REGP Scheme as well as laying a thrust on promoting KVI products, Design Development, presentation of success stories, market promotion, schemes of various banks, NABARD etc. and highlighting strength and benefits of KVI products.

The Essay and Debate Competition are targeted to Schools and Colleges for involving the future citizens of the country in the Rural Industrialisation process and also to educate them on KVI programmes and role played by KVIC in Rural Industrialisation as well as treasuring the values of Gandhian Ideology, etc.

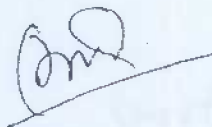
Statement of Accounts:
 The concerned State/Regional Directors will ensure that the Statement of Expenditure of each such programme is sent to Directorate of Publicity within 15 days from the completion of such event for record and account settlement and for recoupment purpose. The Audit, however, will be done at the State/Regional Office and proper Books of Accounts may be maintained alongwith detailed vouchers, etc. for audit purpose.
 The revised Pattern of Assistance will come into force from 01.04.2002.
 This is in supersession of all previous orders on People's Education Programme Scheme under Directorate of Publicity

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3.	<p><u>Maintenance of Muscum:-</u> Pattern of Aid for Permanent Museum for Khadi and Village Industries ----</p> <ol style="list-style-type: none"> 1. The Commission in its meeting No.555 dated 18.3.2008 approved the proposal of Directorate of Publicity for providing financial grant to the tune of maximum Rs.5.00 lakhs for maintenance of "Permanent Museums" from out of funds available with the Directorate of Publicity. The permanent museums shall also depict a theme on Evolution of Charkha and themes relating to khadi and village industries. 2. Schemes details and guidelines are enclosed at Annexure-I. The State/Divisional directors are instructed to identify such museums which are housing historical institutions/places which can educate and inspire the younger generation of the country about Gandhian Philosophy, ethos and ideology of Khadi and V.I. Sector. 3. Proposals may be forwarded alongwith the recommendation of State/Divisional offices and Zonal Committee for sanction to Directorate of Publicity. 4. The above circular is brought for information and compliance of all concerned.
7.	<p><u>Sponsoring of Events, Shows, Festivals etc.:-</u></p> <p>It has been observed that many academic institutions arrange cultural events Melas, Khadi Fashion Shows, etc. and VVIPs and Celebrities attend these events. To avail of this opportunity for publicity, it is proposed that KVIC may sponsor such events by sponsoring Khadi and V.I. Material so that the events could publicise Khadi and V.I. Items and the organiser would be required to give due acknowledgement to KVIC as a sponsor in the banners and publicity material prepared by them for the event. This event will be implemented through H.O. & Field Offices. Funds have been provided maximum Rs.1.00 lakh per event.</p>

NOTE:

Apart from above 3 schemes other activities like Printing of Publications, Reports, In-house Journal, Arranging Press Conference/ Meet, Republic Day Tableau/IITF, outdoor publicity etc.



Marketing Schemes

I. Domestic Exhibition Pattern under Marketing

Sl. No	Level of the Exhibition	Minimum Duration	Minimum Stalls	Minimum State/District/Institutions	Maximum grant to be provided by KVIC (Rs. In lakhs)	Sales Target (Rs. In lakhs)
1.	National	30 days	200	All States	40.00	400.00
2.	Zonal	20 days	100	3 States	25.00	250.00
3.	State	15 days	75	40 institutions	10.00	75.00
4.	District	7 days	25	10 institutions	2.50	10.00

2. Eligibility Criteria for organisers:

1. Departmentally by KVIC (State/Divisional Office/Other KVIC Departmental Units). In such case the State Board, KVI Institutions/State/National Level Federation could be associated as partner agency.
2. Departmentally by KVIB.
3. KVI institutions aided by KVIC/KVIB of A & B category having at least 10 years of experience in Khadi field and with 10 or more workers/employees on their regular muster rolls to be considered. This can be exempted for NE States.
4. National/State Level KVI Institutions/REGP/PMEGP Units Federations.

3. Release of funds

1. 35% Alongwith work order against bank guarantee of adequate value.
2. 50% On completion of erection of stalls and other arrangement to be certified by an officer authorized by the organizing committee
3. 10% On receipt of report of completion of exhibition including photos and other formalities prescribed by the organizing committee/State/Divisional Director duly recommended by the organizing committee
4. 5% After receipt of complete report & payment accounts with item-wise statement of expenditure, refund of IRG amount and unspent balance etc. duly verified by the accountant.

4. Stall distribution Particulars:

Sl. No.	Particular	% Coverage
1	Khadi	60%
2	REGP/PMEGP units	20%
3	Others	20%

Om

5. Stall Rent:

Particulars	3x3 mtr.Stall		3x2 mtr.Stall	
	Maximum	Minimum	Maximum	Minimum
National Level	10,000/-	3,000/-	5,000/-	1,500/-
Zonal Level	5,000/-	2,000/-	2,500/-	1,000/-
State Level	3,000/-	1,500/-	1,500/-	750/-
District Level	2,000/-	1,000/-	1,000/-	500/-

* Corner stalls and stalls in the front row and vintage points to be charged higher rent (say 10-25% higher)


- (a) Participants from NE States 50% concessions
- (b) Departmental Sales Outlets 50% Concessions
- (c) Training and other administrative functions Free

6. IRG:

Sl. ticket No.	Level of Exhibition	(amount in Rs)	
		Food/ Entertainment Stalls Charges	Entry
1	National Level	25,000.00	5.00
2	Zonal Level	10,000.00	2.00
3	State level	5,000.00	1.00
4	District Level	2,000.00	Nil

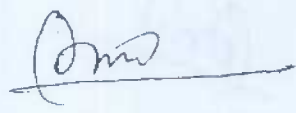
7. Distribution of IRG:

- a) To cover the excess expenditure (Over and above sanctioned funds) 50%
- b) Refundable to KVIC 25%
- c) To be retained by the Organising agency (KVIB/ Institutions) 25%



8. Eligible items for expenditure:

	percentage
1 Ground rent/hall rent	15
2 Erection of pavilion/stalls (3x2 or 3x3)	25
3 Decoration of stalls	
4 Theme pavilion	
5 Electricity charges	
6 Transportation, conveyance charges	
7 Back up support like insurance, security, first aid etc.	5
8 Buyer-seller meets in National & Zonal level Exhibition	5
9 Fashion show (compulsory in all level of exhibition) and cultural events	20
10 Publicity including press conference	
11 Printing & stationery	
12 Leaflet & presentations at the trade inquiry stall	
13 Inaugural & valedictory function	
14 Shields & trophies for participation/performance	
15 Tech. demonstrations	5
16 Data collection & survey of visitors	
17 Misc. contingency	5
Total	100%



2.1: Special Exhibitions organized through Departmental Sales outlets to liquidate stocks as well as boost sales:

The Departmental Sales outlets are allotted special exhibitions to clear the stocks. Besides, the exhibitions which are generally held during festival period, also facilitate the DSOs to show case wider range of products to boost the sales. Higher sales lead to better financial condition of the DSOs.

The exhibitions are organized on project basis and the budget is based on the size of exhibition. Whereas at Mumbai, 2 Khadi Fest of one month duration each are organized, other DSOs prefer to organize multiple exhibitions of smaller durations.

2.2: Special Exhibitions of Participatory nature:

Large no. of requests received from Govt. organizations, reputed Institutions, for participation in the events organized by them. Normally the request is for supporting the events organized on important occasions. These events provide opportunity for show casing the products where sales is not the primary objective. Hence, to encourage the KVI Institutions/REGP/PMEGP units as well as DSOs the stall rent along with small assistance for transportation and contingent expenses is provided for such participation.

At present there is no fixed pattern for such participation. Each proposal is considered on standalone basis and depending upon the costs involved 1 to 10 stalls are taken up. Normally, expenditure on such participation in single event is within 2 lakhs.

2.3: Uttarpurva Exhibition

Uttarpurva Khadi Exhibition is organized once a year at a place other than NEZ for providing the marketing benefit to the Khadi Institutions and VI/REGP/PMEGP Units. The exhibition provides a platform to these units to showcase their products and create a demand for them.

The place where the exhibition is to be organized is decided by the Committee headed by Dy. CEO (NEZ).

(Signature)

2.4: India International Trade Fair (IITF):

KVIC has been participating in India International Trade Fair (IITF) held at Pragati Maidan from 14th to 27th November every year.

The Broad pattern for participation shall hereafter be as under:

SN	Item	Amount (Rs. in lakh)
1.	Stall/Pavillion Fabrication including Designer Fees, etc.	60.00
2.	Transport, Lodging, Boarding for participants	15.00
3.	Cultural Programmes, Fashion show, workshops, Buyer Seller meet, etc.	20.00
4.	Honorarium, wages, Security, etc.	2.00
5.	Misc. Contingency	3.00
Total		100.00

1. Rent payable to TIPO will be separate as per actual.
2. Item-wise adjustment within the overall budget limits shall be permissible.

1. Travel and Transport Subsidy for participation in Exhibitions in NER/J&K/A&N/ Lakshadweep/ Hill and Border Area/LWE affected Dists. Notified by Ministry of Home Affairs and also by Institutions/Units from NER/J&K/A&N/ Lakshadweep/Hill and Border Area/LWE affected Districts. Notified by Ministry of Home Affairs in Non NEZ area:

Grant Support for Units from NEZ, J&K, A&N and Lakshwadeep to participate in other exhibition outside region

1. To and fro travelling expenses (Sleeper Class rail fare) for two persons from KVI institutions/ REGP/PMEGP units by the shortest route.
2. Transport charges of actual cost of transportation of goods restricted to 500 Kg of Railway Freight by mail train as per RR/LR to be produced by the units, maximum of Rs. 10,000.00 whichever is less.
3. 50% concession in the stall rent for KVI institutions/REGP/PMEGP Units.
4. Food allowance @ Rs. 150.00 per person per day. Free accommodation arrangement for the participants during exhibitions.

Grant Support for Units from NEZ, J&K, A&N and Lakshwadeep to participate in other exhibition within the region

1. 50% of to and fro travelling expenses in 2nd class sleeper railway/bus for one person in case of REGP/PMEGP Units and two persons for Khadi institutions at actual.
2. Reimbursement will be made for 50% actual cost of transportation restricted to 500 Kg of Railway freight by Mail train as per RR/LR to be produced by the units, maximum of Rs. 5,000.00 whichever is less.

Grant Support for Units from Non-NEZ to participate in exhibition in NEZ, J&K, A&N and Lakshwadeep region

1. Transportation charge for actual cost of transportation of goods restricted actual maximum upto 200 Kg of Railway freight by Mail Train as per RR/LR to be produced by the units.

4. Seminar/Workshops/Meetings:

The seminar/ workshops/ meetings are organized for the benefits of the Departmental Sales Outlets of KVIC.

The budget is utilized for organizing workshops for the artisans of the institutions/units and also providing training support to the temporary staffs of the DSOs.
On case to case basis.

5. Training to Sales personnel & IT e-governance export procedure etc.:

The budget is earmarked for the training of the sales personnel of the DSOs and Institutional Sales Outlets. The IT support is provided to the DSOs.

6. National Awards:

National Awards in different categories based on the performance as below:

1. Artisans: Spinners, Weavers and V.I artisans.
2. Khadi/V.I institutions, REGP/ PMEGP Units, SFURTI Cluster, Dept. Training Centres.
3. PMEGP Banks, PRODIP and RISC Projects.
4. State KVIB.

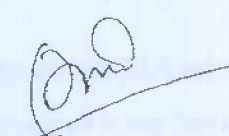
The cost of expenditure incurred for the last 5 years is as under:

Year	Funds sanctioned and released (Rs. in lakhs)
2007-08	51.85*
2008-09	20.05
2009-10	19.72
2010-11	18.25
2011-12	16.00

*Includes expenditure on exhibition.

The expenditure covered for organising National Awards are as under:

- a. Cash awards: Rs. 25,000.00 for 18 artisans
- b. Salvers and medals
- c. Fare: AC 3 tier to & fro railway charges or Govt. Bus fare
- d. Lodging & Boarding: in New Delhi
- e. Local Transportation
- f. Citation books
- g. Other expenditure



7. Export Incentive/Export Orientation Programme:

Eligible units for export incentives: Following KVI units would be eligible to claim the export incentives from KVIC on their direct export.	Projected Export Target vs Incentive to be given for the 12th Five Year Plan		
	YEAR	EXPORT TARGET (Rs. in Crore)	INCENTIVE (Rs. in crore)
(i) Khadi institutions under KVIC/KVIB	2012-13(*)	112.53	4.00
(ii) Village Industries institutions under KVIC/KVIB	2013-14	160.00	6.50
(iii) All entrepreneurial units under REGP and PMEGP scheme set up under the purview of KVIC/KVIB	2014-15	190.00	7.50
	2015-16	230.00	10.00
	2016-17	280.00	12.00
(iv) Any Marketing Organisation/ institution/ Agency created by KVIC for marketing purpose.	TOTAL	1000.00	40.00
(v) Any other unit regd. with KVIC/KVIB under its different schemes for Khadi as well as Village Industries. The maximum amount applicable is Rs. 10.00 lakhs in a year.	(*) Achievement of 2012-13		

Ans

Comparison of components of Prime Cost and Total Cost

Components for MDA	Components for MMDA
Cost of raw materials	Cost of raw materials
+	+
Spinning/reeling and weaving charges including process wastage, artisan incentive, and Artisan Welfare Fund etc.	Spinning/reeling and weaving charges including process wastage, artisan incentive and Artisan Welfare Fund etc.
+	+
Wet processing viz. bleaching dyeing, mercerizing, finishing and printing charges etc. along with process waste	Wet processing viz. bleaching dyeing, mercerizing, finishing charges etc. along with process waste
+	
Permissible provisions such as trade expenses, Bank interest, insurance etc. on Prime Cost*.	
+	
Allowable margin on Prime Cost*(to meet establishment expenditure)	

*Prime Cost= Cost of Raw Materials + Conversion Charges up to Grey Cloth + Processing Charges

Details of Utilization Statement of MMDA grant

- 1) Name of the Institution/Board :
 2) Year of MMDA claim :
 3) Quarter : (I,II,III,IV)
 4) Receipt of total MMDA
 (A) MDA earned on prime cost : Rs. _____
 (B) MMDA earned on purchases : Rs. _____
 (C) Total : Rs. _____

5) Utilization of MMDA

Sr. No.	Details of utilization of MMDA Grant	Amount (Rs.)
I	Utilisation towards Product development (as per 3. A(I) of OM dated 2 nd September 2016)	
II.	Towards Market Development (as per 3. A(II) of OM dated 2 nd September 2016)	
	Total	

(In case of composite institutions they may furnish U.C. for I & II and incase of marketing institutions they may furnish U.C. for II above).

Chartered Accountant

Signature of Secretary with seal

Note: Quarterly UCs shall be furnished by KIs and annual UCs shall be furnished by Chartered Accountants (CA).

Utilization Certificate

(to be furnished by the chartered accountant in letter head)

To
The State/Divisional Director,
Khadi & V.I.Commission,

This is to certify that the institution viz. _____
_____ has utilized the grant amounting to Rs. availed
under MMDA scheme on Production (prime cost) for the financial year 20 __ - 20__ for the
purpose stipulated in the MMDA guidelines. The annual utilization certificate to this effect is hereby
issued on the basis of financial propriety, Rules, Regulations, guidelines etc issued by KVIC,
financial sanctions accorded by SFC, recommendation of State Level Budget Team of KVIC and
existence of infrastructure – Charkhas, looms, artisans, availability of raw material as furnished by
the institution.

Signature of the Chartered Accountant with seal



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/Assessment/2017-18/

Date: 28.10.2017

All Directors,
State/Divisional Offices,
Khadi and V.I. Commission.

Sub : Implementation of benefit chart regarding

Sir,

Your kind attention is invited to the letter No.RID/KRDP/MLP-BC/3rd tranche/207/2016-17 dated 26.03.2017 (digital ID No:59265 and 59267 dated 31.03.2017) on the subject of identifying at least 5 premium products which shou'd be sold without any subsidy. It is understood that many KIs have already started selling a few products at marked linked prices.

2. It was proposed that KIs would identify premium products/high value products and the sales of these identified products would be at market linked prices i.e. without any subsidy on the product provided by the Government. The basic idea of selling the premium products at the market demanded price is that KIs can have more surplus money in their hands for developing their production and sales infrastructure. The part of surplus earned on the selling of premium products at the market price can also be shared to the khadi artisans.

3. Therefore, all the State/Divisional Directors are requested to convene a meeting of Khadi institutions and discuss with them for identifying initially few selected premium products for selling at the market price. The State/Divisional Directors are also requested to adhere to the following time lines :

i)	Completion of discussion with KIs	:	30 th November 2017
ii)	Identification of premium products/high value products for selling at market rate	:	31 st December 2017
iii)	Formulation of strategy for selling the premium products without subsidy	:	31 st March 2018
iv)	Start selling the premium products without subsidy	:	1 st April 2018

The contents of this letter may be brought to the knowledge of all KIs.

This is issued with the approval of competent authority.

Yours faithfully,


Dy. Chief Executive Officer (RID)

31/10/17



ग्रामोदय, ३ इर्ला रोड, विले पार्ले (पश्चिम), मुंबई ४०० ०५६
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