No.DK(K)/Rozgar Yukt Gaon (RYG)/2019-20

Date: 19.11.2019

To

State/Divisional Director,

Sub: Identification of Khadi Gaon and Khadi Institution Partner (KIP) for implementation of “Khadi Gramodyog Vikas Yojana (KGVY)” – reg.

Ref: Letter No. A-5/10/2017-KVI-I dated 8th November, 2019

Sir,

The Under Secretary to the Govt. of India, Ministry of MSME vide letter on the subject cited above has conveyed the approval of guidelines for implementation of “Khadi Gramodyog Vikas Yojana (KGVY)” scheme. The copy of the approved guidelines is enclosed (Annexure-I) herewith which is self explanatory.

As per the scheme guidelines, the objectives of the scheme is to introduce enterprise led model replacing subsidy led model and to create 12500 direct and 5765 indirect employment opportunities in 50 villages through Khadi Institution Partner (KIP) within the enterprise will be a designated Khadi institution, selected preferably from the KRDP assisted list, which will be instrumental in training the groups of Artisans in Khadi Gaon and facilitate the production activities, so as to empower 50 villages identified across the country with 10,000 charkhas, 2,000 looms, 100 warping units (@ 200 charkhas, 40 looms and 2 warping units for each village) for creating nearly 18,265 direct/indirect employment opportunities.

The tentative allocation of target for the proposed 50 villages is enclosed as Annexure-II.
It is therefore requested to go through the guidelines and identify potential villages and Khadi Institution within the vicinity of Khadi gaon and submit detailed proposal encompassing name of artisans, details of KIs etc before the State Level Committee and forward the same to this Directorate so as the same may be placed before the Central Level Committee for approval.

Further to implement the scheme in fastest manner a committee has been constituted at H.O. level, which will look after the weekly progress and efforts made at your level. It will be most suitable to visit the allocated village personally and have a meeting with villagers in coordination with the Institution who has identified the name of village and access the actual need and requirement. Collecting all the information make feasible plan as per the guideline and initiate the activity to start the work. Though KVIC is floating EOI for selection of Business Partner but you are also requested to explore a competent business partner who is eager to participate in the working plan of this scheme and he may be asked to participate in EOI.

This is issued with the approval of Competent Authority.

Yours sincerely,

Encl: As above

(R.S. Pandey) 20/11/2019

Dy. Chief Executive Officer I/c (Khadi)

Copy to:
1. The Secretary to Chairman, KVIC, New Delhi
2. The Commission Cell, KVIC, Mumbai
3. OSD, CEO Cell
4. OSD, FA Cell
5. Joint CEO Cell
6. Dy. CEO (VIC/EcR)
7. Dy. CEO (IT) for information with a request to create a portal for KGVY in the KVIC’s website. The copy of the approved guidelines is enclosed.
8. All Zonal Dy. CEOs for information with a request to guide the concerned State/Divisional Directors and monitor the implementation of the scheme as per the guidelines.
### Tentative Zone wise allocation of target for the proposed 50 villages under KGVY

<table>
<thead>
<tr>
<th>Name of the State/Divisional Office</th>
<th>No. of Villages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>North Zone</strong></td>
<td></td>
</tr>
<tr>
<td>Jaipur</td>
<td>2</td>
</tr>
<tr>
<td>Bikaner</td>
<td>1</td>
</tr>
<tr>
<td>Jammu</td>
<td>2</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>1</td>
</tr>
<tr>
<td>Haryana</td>
<td>2</td>
</tr>
<tr>
<td>Punjab</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
<tr>
<td><strong>South Zone</strong></td>
<td></td>
</tr>
<tr>
<td>Chennai</td>
<td>2</td>
</tr>
<tr>
<td>Madurai</td>
<td>1</td>
</tr>
<tr>
<td>Trivandrum</td>
<td>2</td>
</tr>
<tr>
<td>Bengaluru</td>
<td>1</td>
</tr>
<tr>
<td>Hubli</td>
<td>1</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>1</td>
</tr>
<tr>
<td>Vijayawada</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
<tr>
<td><strong>Central Zone</strong></td>
<td></td>
</tr>
<tr>
<td>Lucknow</td>
<td>2</td>
</tr>
<tr>
<td>Meerut</td>
<td>2</td>
</tr>
<tr>
<td>Dehradun</td>
<td>1</td>
</tr>
<tr>
<td>Varanasi</td>
<td>2</td>
</tr>
<tr>
<td>Bhopal</td>
<td>1</td>
</tr>
<tr>
<td>Chattisgarh</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
<tr>
<td><strong>East Zone</strong></td>
<td></td>
</tr>
<tr>
<td>Kolkata</td>
<td>4</td>
</tr>
<tr>
<td>Patna</td>
<td>2</td>
</tr>
<tr>
<td>Ranchi</td>
<td>1</td>
</tr>
<tr>
<td>Odisha</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
<tr>
<td><strong>North East Zone</strong></td>
<td></td>
</tr>
<tr>
<td>Guwahati</td>
<td>2</td>
</tr>
<tr>
<td>Arunachal Pradesh or Shillong</td>
<td>1</td>
</tr>
<tr>
<td>Nagaland</td>
<td>1</td>
</tr>
<tr>
<td>Agartala or Manipur</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
</tr>
<tr>
<td><strong>West Zone</strong></td>
<td></td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>5</td>
</tr>
<tr>
<td>Nagpur</td>
<td>3</td>
</tr>
<tr>
<td>Mumbai</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>
To,

The Chief Executive Officer,
Khadi and Village Industries,
Gramodaya, 3, Irla Road,
Vile Parle (West),
Mumbai- 400056.

Sub:- Guidelines of "Khadi Gramodyog Vikas Yojana (KGVY)" for the period from 2017-18 to 2019-20 - approval regarding.

Madam,

I am directed to convey the approval of Competent Authority for implementation of "Khadi Gramodyog Vikas Yojana (KGVY)" scheme (copy enclosed) for taking further appropriate action in the matter, as per Rules.

2. Guidelines for a new component i.e., National Design and Production Centre will be issued separately.

3. KVIC is, therefore, requested to take further necessary action for implementation of the above scheme in a befitting manner.

Yours faithfully,

(Anil Kumar)

Under Secretary to the Govt. of India
Tel No. 23063641
Fax. 23063641
anil.kumar14@nic.in

Encl.: As above

To
1. The Secretary, M/o Agriculture and Farmers Welfare, Krishi Bhawan, New Delhi.
2. The Secretary, M/o Labour and Employment, Shram Shakti Bhawan, New Delhi.
3. The Secretary, M/o Development and North East Region, Vigyan Bhawan Annexe, New Delhi.
4. The Secretary, M/o Minority Affairs, Paryavaran Bhawan, CGO Complex, New Delhi.
5. The Secretary, M/o Panchayati Raj,
6. The Secretary, M/o Rural Development, Krishi Bhawan, New Delhi.
7. The Secretary, M/o Social Justice and Empowerment, Shastri Bhawan, New Delhi.
8. The Secretary, M/o Tribal Affairs, Shastri Bhawan, New Delhi.
9. The Secretary, M/o Women and Child Development, Shastri Bhawan, New Delhi.
10. The Secretary, M/o Textiles, Udyog Bhawan, New Delhi.
11. The CEO, NITI Aayog, Yojana Bhawan, Sansad Marg, New Delhi.
12. The CEO, KVIC, Mumbai for further necessary action.

Copy to :-

1. PS to Hon’ble Minister (MSME)
2. PS to Hon’ble Minister of State (MSME)
3. PS to Secretary, MSME
4. PS to DC (MSME)
5. Sr. PPS to SS&FA
6. PS to JS (SME)
7. PS to JS (ARI)
8. PS to EA (IFW)

Copy also to :-

1. Secretary, Coir Board, Kochi
2. CMD, NSIC, Delhi.
Khadi Gramodyog Vikas Yojana
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List of Abbreviations

RYG – Rozgar Yukta Gaon
KVIC – Khadi and Village Industries Commission
KVIB – Khadi and Village Industries Board
SO – State Office of KVIC
KRDP – Khadi Reforms and Development Programme
KGVS – Khadi Gaon Vikas Sansthan
KIP – Khadi institutional Partner
KBP – Khadi Business Partner
EOI – Expression of Interest
CEO – Chief Executive Officer
DIT – Directorate of Information Technology
FBAA – Finance Budget Audit and Accounts
ZLC – Zonal Level Committee
SLC – State Level Committee
CLC – Central Level Committee
ECR – Economic Research
SFC – Standing Finance Committee
CA – Chartered Accountant
MOA – Memorandum of Understanding
GST – Goods and Services Tax
PSU – Public Sector Undertakings
HR – Human Resource
DBT – Direct Benefit Transfer
CFC – Common Facility Centre
AWFT – Artisans Welfare Trust

Glossary


Khadi Institutions – Means a certified khadi institution which is enlisted with Khadi and Village Industries commission (KVIC) or Khadi and Village Industries Board (KVIB) for financial and technical support and is issued valid khadi certificate under a code for such certification issued by KVIC under clause (K) of sub section (2) of Section 15 of the act read with sub regulation (1) of regulation 24 of KVIC regulation 2007.

KRDP – Means Khadi Reform and Development programme implemented with assistance from Asian Development Bank for Khadi sector.

Stock – Means the goods or merchandise kept on the premises of a shop or warehouse and available for sale or distribution.
AWFT – Means Artisan Welfare Fund Trust provides financial help required by the artisans in their hours of need. Amount accruing to Artisan Welfare Fund (AWF) is kept in fixed deposits in nationalized Banks.

Artisans – Means individual involved in spinning/reeling and weaving of Khadi products also includes other Karyakartas involved in wet processing i.e. bleaching, dyeing, mercerizing, finishing, printing and processes involved in Khadi

KIP – Means Khadi Institution Partner within the enterprise is a designated Khadi institution and provides overall administrative support from the stage of setting up of Khadi Gaon Vikas Sansthan (KGVS) till making it fully functional, along with linking it to the business partner.

KBP – Means Khadi Business Partner is the actual Business facilitator and is drawn into the framework through a process of awareness and sensitization. The KBP will support the enterprise in marketing both in domestic and overseas markets and shares the profit with and KGVS/Khadi Gaon (Artisans)

Khadi Gaon – Khadi Gaon are community members (Artisans) that are selected, trained and prepared to provide primary ownership to the enterprise.

KGVS – Means Khadi Gram Vikas Sansthan, Initially the Khadi Gaon will be unregistered for 5 years till the formation of KGVS


Sales – Retail sales and wholesales including Government supply, Franchisee, Bulk sales to end customer for a particular year. Wholesale excludes the sectoral sale i.e.- from one Kl to another Kl.

Escrow – An escrow account is a temporary pass through account held by a third party during the process of a transaction between two parties. This is a temporary account as it operates until the completion of a transaction process, which is implemented after all the conditions between the buyer and the seller are settled.
Khadi Incentive
(Incentive based MMDA Guidelines)
## Contents

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MODIFIED MARKET DEVELOPMENT ASSISTANCE (MMDA) – Back Ground

As per circular (DK/KC/Khadi/MPDA/guidelines/16-17 dated 26-12-2016) issued by KVIC the MMDA scheme came into existence by replacing existing MDA scheme. MMDA is calculated at 30% of prime cost.

![Prime Cost Calculation Diagram]

<table>
<thead>
<tr>
<th></th>
<th>Prime Cost Calculations Excludes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spinkers and Weavers</td>
<td>Establishment margin</td>
</tr>
<tr>
<td></td>
<td>Trade margin</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
</tr>
<tr>
<td></td>
<td>Bank Interest</td>
</tr>
<tr>
<td>Karyakartas</td>
<td>10%</td>
</tr>
<tr>
<td>Khadi Institutions</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>30%</td>
</tr>
</tbody>
</table>

The production assistance [40% for artisans, 40% for producing institutions & 20% for selling institutions] being extended currently does not contain any specific intervention to incentivize the khadi institutions to aspire for higher productivity and value creation. Thus, a pragmatic shift from the existing mode of providing assistance has been ushered in.

2  MMDA – Proposed Structure

The financial assistance being extended currently under MMDA @ 30% to the artisans like spinners and weavers engaged in production of khadi, and @ 10% to the other workers engaged in khadi production will continue to be paid. However, the financial assistance to the Khadi Institutions would be rationalized to 30% (20% for Producing Institution and 10% for Selling Institution) from the existing 60% (40% for Producing Institution and 20% for Selling Institution) on an automatic mode. The balance 30% component would be distributed among the Institutions on the basis of an incentive structure with an objective to introduce competition, incentivize
entrepreneurial endeavour and market-driven principles. The current Modified Market Development Assistance (MMDA) would be distributed as per the following table.

<table>
<thead>
<tr>
<th>Nature of Share/ Incentive</th>
<th>Existing share among MMDA</th>
<th>Proposed share among MMDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan Share</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Producing Institution Share</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Selling Institution Share</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Institutions’ Incentive*</td>
<td>0</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The incentive structure focuses on improving productivity, turnover and quality assurances and would be extended based on an objective score-card. The detailed scorecard parameters with weightage would be provided in the operational guidelines. While the Khadi Institutions would automatically be given the financial assistance of 30% of the MMDA under ‘Producing Institution Share’ and ‘Selling Institution Share’, to become eligible for the additional incentive (30%), the institutions must strive for efficiency, optimal utilization of resources, reduction of waste, effective managerial practices etc. This change would give an impetus to the sector and ensure growth.

3 Objective Scorecard

The objective Scorecard will have following parameters.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Component</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Increase in number of Artisans</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Production Growth</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>Sales Growth</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Reduction in stock</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Regular Contribution to Artisan Welfare Fund Trust</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Net Profit</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Implementation of MIS System and quarterly reporting</td>
<td>15</td>
</tr>
<tr>
<td>8</td>
<td>Surplus sharing with artisans</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>
Note:

1. For determining the score in each of above parameters, preceding year's achievement will be taken as baseline. The comparison year for determining the incentive will be the preceding year i.e. To provide incentive for 2019-20 the base year will be 2018-19.

2. The 30% of MMDA shall be provided to the Khadi Institutions in the first quarter of succeeding financial year after verifying the data submitted by Khadi Institution.

4 Criteria and Calculation for each parameter

Criteria and calculation of score for each parameter is as follows

4.1 Increase in number of artisans

This parameter can be assessed in the form of growth percentage (increase or Decrease) occurred in number of artisans in a year compared to previous year.

<table>
<thead>
<tr>
<th>Increase Percent</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;3%</td>
<td>0</td>
</tr>
<tr>
<td>&gt;3% &amp;&lt;5%</td>
<td>5</td>
</tr>
<tr>
<td>&gt;5% &amp;&lt;10%</td>
<td>10</td>
</tr>
<tr>
<td>&gt;10%</td>
<td>15</td>
</tr>
</tbody>
</table>

4.2 Production Growth

Growth in production can be assessed in the form of percentage of production achieved in financial year vis-à-vis the production target given by KVIC in particular financial year.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;80%</td>
<td>0</td>
</tr>
<tr>
<td>&gt;80 - &lt; 85</td>
<td>5</td>
</tr>
<tr>
<td>&gt; 85- &lt; 100</td>
<td>10</td>
</tr>
<tr>
<td>&gt;100</td>
<td>15</td>
</tr>
</tbody>
</table>
4.3 Sales Growth

This parameter can be assessed in the form of growth (increase or Decrease) occurred in sales in particular financial year, the comparison year for determining the sales growth will be the preceding year e.g. for 2019-20 the base year will be 2018-19. Sales here means Retail sales and wholesales including Government supply, Franchisee, Bulk sales to end customer for a year. Wholesale excludes the sectoral sale i.e.- from one Kl to another Kl.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10%</td>
<td>0</td>
</tr>
<tr>
<td>11-15%</td>
<td>5</td>
</tr>
<tr>
<td>16-20%</td>
<td>10</td>
</tr>
<tr>
<td>21% and above</td>
<td>15</td>
</tr>
</tbody>
</table>

4.4 Reduction in stock

This parameter can be assessed in the form of Decrease in stock. From previous year balance sheet to current year will be compared for assessing the performance. Average score obtained from below two will be calculated.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old Stock (More than 3 years old)</td>
<td>Marks</td>
</tr>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Below 5%</td>
<td>0</td>
</tr>
<tr>
<td>5-15%</td>
<td>3</td>
</tr>
<tr>
<td>16-25%</td>
<td>7</td>
</tr>
<tr>
<td>26% and above</td>
<td>10</td>
</tr>
</tbody>
</table>

4.5 Regular Contribution to Artisan Welfare Fund Trust(AWFT) (Every quarter)

This parameter can be assessed by verifying whether regular contribution is being made to ‘Artisan Welfare Fund Trust’ by the Kls or not. This can be verified by State Directors The process of verification as follows
**Regular Contribution to Artisan Welfare Fund Trust**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Contribution</td>
<td>10</td>
</tr>
<tr>
<td>Partial Contribution</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>-10</td>
</tr>
</tbody>
</table>

4.6 Net Profit

This parameter can be assessed in the form of more than 10% growth occurred in ‘net profit’ in the financial year concerned. The reference will be the balance sheet of Khadi institution. The comparison year for determining the Net Profit will be the preceding year e.g. to calculate Net Profit for 2019-20 the base year will be 2018-19.

<table>
<thead>
<tr>
<th>Net Profit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;5% - &lt;10%</td>
<td>10</td>
</tr>
<tr>
<td>0 - &lt;5%</td>
<td>5</td>
</tr>
<tr>
<td>Loses</td>
<td>0</td>
</tr>
</tbody>
</table>

4.7 Implementation of MIS System and quarterly reporting

This parameter can be assessed by verifying whether the Khadi Institutions have implemented KIMIS or not and updating the data regularly on the portal or not. Implementation of KIMIS is mandatory.

<table>
<thead>
<tr>
<th>Implementation of MIS System and regular reporting</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
</tbody>
</table>

1 Here Partial contribution means contribution of 40% and above and but not full.

Guidelines on KGW_02.07.2019
4.8 Surplus \(^2\) sharing with artisans

This parameter can be assessed by verifying the records to understand whether the Khadi Institutions are sharing their surplus with artisans or not. For surplus sharing with artisans, cash benefit of 20% will be given through direct bank transfer (DBT) process of verification as follows:

Process of verification as follows

<table>
<thead>
<tr>
<th>Surplus sharing with artisans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
</tbody>
</table>

5 Release of MMDA

Total score of each Khadi Institution will be calculated based on each parameter explained above. MMDA will be given based on score obtained by Khadi Institutions.

<table>
<thead>
<tr>
<th>Total Score</th>
<th>Percentage of MMDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>80 and above</td>
<td>100%</td>
</tr>
<tr>
<td>71 – 80</td>
<td>90%</td>
</tr>
<tr>
<td>61 - 70</td>
<td>80%</td>
</tr>
<tr>
<td>51 – 60</td>
<td>70%</td>
</tr>
<tr>
<td>41 – 50</td>
<td>50%</td>
</tr>
<tr>
<td>31 – 40</td>
<td>40%</td>
</tr>
<tr>
<td>30 and Below</td>
<td>10%</td>
</tr>
</tbody>
</table>
6. Development of online portal:

KVIC will develop an 'online portal' for smooth functioning and easy monitoring of the MMDA schemes. The portal will be developed in-house through DIT or through any other external party.

Scrutiny will be done based on the information provided by the Khadi Institution on the 'online portal'. If any discrepancies found then the strict action will be taken against Khadi Institution which includes blacklisting, disallowing MMDA and/or taking civil/criminal action as deemed fit.
2

Production Infrastructure

2.1 Rozgar Yukta Gaon

Rozgar Yukta Gaon
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Introduction

India, a complex, diverse and federal nation – India needs both empathy and creativity to drive its growth. Khadi is integral to Gandhiji’s vision for a developed India – production for the masses by the masses. Khadi & Village Industries Commission (KVIC) promotes Khadi and the Charkha as being eco-friendly, promoting sustainable development and a tool for poverty alleviation and generating employment. To fructify this vision, the Rozgar Yukta Gaon (RYG) document identifies a comprehensive roadmap to revitalize and improve the Khadi value chain.

Khadi based development of village communities has always been a process that has involved Governmental subsidy and intervention. No doubt, this has enabled the rural communities to become self-reliant to a large extent. However, KVIC has often felt that this model of hand-holding in an end to end manner, although it can provide employment, may not allow the village economies to broaden and deepen in the present-day competitiveness. Furthermore, KVIC has also documented instances where large Corporates and unscrupulous traders have exploited the rural communities and made undue profits at the cost of the efforts of KVIC. To prevent any kind of exploitation as well as to bring the rural communities into the mainstream of national economy, KVIC has decided to introduce ‘enterprise’ models in Khadi based development that would gradually lessen the influence of subsidies and allow faster growth and prosperity. Also, such enterprise models are expected to earn higher returns to the rural communities by way of involving them in the entire process of production and marketing of Khadi products, thereby scripting a new chapter of artisan’s empowerment.

Further, the Hon’ble Prime Minister has envisioned that keeping pace with the changing times; Khadi has transited from ‘nation’ to ‘fashion’, but should now pursue the path to transformation. Deep observation suggests that the people’s fabric did contribute to national resurgence and then catered to changing needs of the people; but it should now facilitate progress in a manner that amounts to vaulting into future, rather than gradually moving into it. If we are to pursue such a path of transformation, the ways of engagement of the rural communities must undergo changes of higher magnitude and cannot continue the lines that have been followed for decades. In other words, we need to transit from the methods of engagement that guaranteed just subsistence and sustenance of village communities to methods of engagement that would enable and empower artisan to break into newer spheres of economic success. It is only then that KVIC will have contributed to and participated in the Prime Ministerial vision of “reform, perform and transform” the country into another state of being. The dividends for the efforts made by the rural communities must enlarge and industriousness should strengthen by the spirit of enterprise.

RYG treats the artisans as partners in an enterprise and not as mere wage earners. RYG does not envisage any form of subsidy. It allows the village communities to build business partnerships, produce premium products and reach out to high end markets with a sense of ownership. The Government will only play
the role of enabler, while the rural communities will transit into a state of empowered entrepreneurship.

1.1 Objectives

Introducing enterprise led model replacing subsidy-led model
Create an additional 12,500 direct employment opportunities in 50 villages, which are deprived of opportunities and sustainable livelihood support systems, in addition to spinning out secondary and ancillary opportunities of employment in a wider sense
Develop a sustainable model of Khadi based business enterprise in the villages, setting forth a tripartite collaborative model of entities from the Government, Business and the Community to produce quality goods
Facilitate the overall development of the selected villages in terms of infrastructure and amenities, making it easier for them to be in the mainstream of national life
Develop skills where they don't exist, provide opportunities where they are not available, generate income where there is no present probability and build sustainable self-reliance to communities where such a possibility is currently a distant dream

1.2 Vision

Transforming socio-economically distressed villages into sustainable and self-reliant Khadi based enterprises

1.3 Mission

To empower 50 villages selected from across the country, with 10,000 charkhas, 2,000 looms, 100 warping units, required professional skills and administrative framework support, creating nearly 18,265 employment opportunities in which 12,500 will be direct and 5,765 will be indirect and building a potential capacity of annual production turnover of value added products to a tune of ₹261.00 crores.
2  Stakeholders

Expected outcome of 
RYG
Empowering 50 Villages 
with 10,000 Charkhas, 
2000 looms & 100 
warping units with total 
scheme financial outlay 
of ₹41 Crore.

2.1 Khadi Gaon

At least 50 villages out of 100-150\(^3\) across the country will be selected through participatory process involving different agencies. Each of these villages will constitute the primary element of the project, a **Khadi Gaon**. A decentralized unit consisting of the members of the community (Artisans), will be formed in each Khadi Gaon in a phased manner to transfer the ownership of the charkhas, looms etc. to the Artisans. The Decentralized Unit (Khadi Gaon) will be from the day of establishment The stakeholders within the Khadi Gaon are community members (Artisans) that are selected, trained and prepared to provide primary ownership to the enterprise.

**Role of Khadi Gaon :**
1. Khadi Gaon Vikas Sansthan (KGVS) formation.
2. Day to day spinning, weaving, warping and processes involved in the process manufacturing through financial support of KBP.

**Rights of Khadi Gaon :**
1. Receive training for skill upgradation.

---

\(^3\) 100-150 villages will be identified by State Level Committee out of which, KBP can select the village of their choice.

Guidelines on KGY_02.07.2019
2. 25% profit shares to the artisans from net profit from products over and above on their regular wages.

2.2 Khadi Institution Partner (KIP)

Khadi Institution Partner within the enterprise will be a designated Khadi institution, selected preferably from the KRDP assisted list, which will be instrumental in training the groups of Artisans in Khadi Gaon. The Khadi Institutional Partner (KIP) will provide required operational support. The KIP provide training to the Artisans i.e. weavers and spinners as directed by KVIC and can guide the Khadi Gaon regarding the processes of production and facilitate Khadi Gaon to run its activities smoothly. Now, KIP will ensure coordination between KVP and artisans of Khadi Gaon. KIP has no other right or say over day-to-day functioning of KGVS or Khadi Gaon

Role of KIP –

1. Training of the artisans at their own facility or at KVICs multi-disciplinary training centres (MDTC) at proximity.
2. Support in the formation of KGVS.

Rights of KIP –

1. KIP has right to claim administrative expense occurred during fulfilment of the above role on actual up to the maximum limit of INR 4.5 lakhs.

2.3 Khadi Business Partner (KBP)

Khadi Business Partner (KBP) will be the actual Business facilitator and will be drawn into the framework through a process of awareness and sensitization by publication of EoI, arranging zonal and state level workshops etc. The KBP will run the enterprise in marketing both in domestic and overseas markets and KBP shall share 25% of net profit with Khadi Gaon (Group of Artisans) as cash incentive through DBT. The KBP will infuse into the enterprise a business model as well as incremental skills of work. As for a full scale cluster, minimum 1.63 Crore of Working Capital will be required which needs to be mobilised by KBP. The KBP will also progressively involve in process of, making the quality products and the type of value addition that the business should ensure. KBP will also ensure the actual marketing of the products through tie ups with vendors and outlets.

Role of KBP –

1. Arranging working capital as required
2. All Day to day operation
3. Assuring production of commercially viable products using own domain/ Business/ trade expertise
4. KBP shall provide fair wages to the artisans
5. Actual business facilitator
6. Maintenance of equipments provided
7. Providing Raw Material
8. KBP will also support the marketing of Khadi Institution products

Rights of KBP:
1. Taking decision about value addition of the products to be produced.
2. Types of product to be produced
3. Claim 75% of net profit/surplus
4. Full flexibility for the pricing, product mix, marketing strategy, technology, value addition and sales of the product

2.4 KVIC

KVIC, as the patron and original promoter in the form of Capital Expenditure (CAPEX) provider, will ensure the smooth functioning of Khadi Gaon/ KGVs

Role of KVIC –
1. Implementation and Monitoring of RYG scheme
2. Provision CAPEX for procurement of Charkha, Looms and Warping Units
3. Maintenance of newly developed artisan database and ensure contribution in AABY
4. Facilitating fast track clearance of RYG issues
5. Facilitate the training of Master Artisans through Centre of Excellence
6. Ensuring minimum 25% surplus share with artisans through DBT
7. Conflict resolution, if any

Rights of KVIC –
1. Residual Rights concerned to RYG
2. Selection of KIP, KBP, Khadi Gaon

2.5 Formation of Institution (KGVS/Khadi Gaon)

Khadi Gaon will be group of artisans till the formation of KGVS.

Till such time the group of artisans are not in position to understand the whole process, to help a Decision-making committee will be formed which shall be consist of one member from each stake holders i.e.- KBP, KGVS/Khadi Gaon (Artisans) and KVIC. The Committee will be responsible for taking day to days operational and other decisions about running KGVS/ Khadi Gaon.

2.6 Support from KVIC (Technical and Financial)

Khadi Gaon/KGVS will be eligible to avail benefits under existing KVIC schemes (i.e. Workshed, Renovation of Bhawans etc.) except ISEC and MMDA.
KVIC will support KBP by issuing
  o Khadi Mark Certificate
  o Khadi certificate
Application fee for above certificates shall not be charged, however renewal fees will be applicable as per KVIC norms.
The funds will be released only after ensuring that KBP has mobilized working capital (Rs. 1.63cr) and DPR prepared.

2.7 Profit Sharing
Artisans associated with KGVS shall receive 25% of profit share as incentive through DBT.
3 Committee

3.1 Central Level Committee (CLC)

CEO, KVIC will chair the Central Level Committee and Financial Advisor, KVIC will be the Vice Chairperson. The other members are as follows

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars of members</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dy. CEO (Khadi)</td>
<td>Member</td>
</tr>
<tr>
<td>2</td>
<td>Director (ECR)</td>
<td>Member</td>
</tr>
<tr>
<td>3</td>
<td>Director (Marketing)</td>
<td>Member</td>
</tr>
<tr>
<td>4</td>
<td>Director (Finance)</td>
<td>Member</td>
</tr>
<tr>
<td>5</td>
<td>Director (Khadi)</td>
<td>Member/Convener</td>
</tr>
</tbody>
</table>

3.1.1 Functions of CLC

- Appraisal of applications submitted by the State Level Committee or any other agency.
- Central Level Committee shall appraise the proposals received from State Level Committees related to RYG and place before the Commission/SFC Meeting for approval and sanction.
- Monitoring and facilitating progress of RYG.
- Planning national level workshop to create awareness on RYG participation by private players as KBP.
- Publication of EoI for inviting KBP.
- Meeting shall be held once in a month to review all the activities and reports.
- Preparation of strategy and implementation plan.
- Set targets and approve Quarterly Targets & Monthly Plans.
- Any other matter related to RYG as desired by the Committee.
- The Committee can also advise and give its recommendations regarding smooth implementation of RYG.

Role of Zonal Dy. CEO

- Monitoring the implementation of RYG in the Zone.
- Assess the capability to implement the RYG of the concerned State and if found difficult to implement, he can reallocate the target within the Zone.
- Guide State Directors for effective implementation of the programme.
3.2 State Level Committee (SLC)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Members</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Director</td>
<td>Chairman</td>
</tr>
<tr>
<td>2</td>
<td>Assistant Director (Khadi)</td>
<td>Member convener</td>
</tr>
<tr>
<td>3</td>
<td>Asst. Director/Sr. executive (FBAA)</td>
<td>Member</td>
</tr>
<tr>
<td>4</td>
<td>Representative from Industries Department of State Govt.</td>
<td>Member</td>
</tr>
<tr>
<td>5</td>
<td>CEO of state KVIB or representative</td>
<td>Member</td>
</tr>
<tr>
<td>6</td>
<td>Secretary of Federation; if not available, Secretary of Major Khadi Institutions</td>
<td>Member</td>
</tr>
</tbody>
</table>

3.2.1 Functions of SLC

- Appraisal and screening of applications for identification of stakeholders involved in RYG (Khadi Gaon, KIP, KBP).
- Submission of applications to CLC.
- To facilitate implementation of modalities involved, and to support the stakeholders for smooth functioning of RYG at State level.
- Meeting shall be held once in a month or as and when required to review all the activities and reports.
- Preparation of strategy and implementation plan.
- Set targets, and approve Quarterly Targets and Monthly Plans.
- Asses the financial capabilities by scrutinizing the documents submitted by KBP and forward the proposal to CLC. SLC can ask for any additional documents required for assessment.
- Review overall progress of the State RYG activities.
- Any other matter related to RYG as desired by the Committee.

3.3 Scheme Steering Committee (SSC)

Secretary, MSME will chair the SSC. The other members are as follows

<table>
<thead>
<tr>
<th>S.no.</th>
<th>Particulars of members</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Secretary, MSME</td>
<td>Member</td>
</tr>
<tr>
<td>2</td>
<td>Chairman, KVIC</td>
<td>Member</td>
</tr>
<tr>
<td>3</td>
<td>CEO, KVIC</td>
<td>Member</td>
</tr>
<tr>
<td>4</td>
<td>FA, KVIC</td>
<td>Member</td>
</tr>
<tr>
<td>5</td>
<td>JS, ARI</td>
<td>Member</td>
</tr>
</tbody>
</table>
3.3.1 Functions of SSC: The SSC will be the apex body to sanction proposals for setting up such khadi clusters.

3.4 Term of References (ToR) for each Committee

- All Committees formed for RYG will meet timely and submit their reports to the respective competent authorities about ongoing performance of the RYG.
- The Committees will be responsible for supervising and implementation of the Scheme and will give feedback from the field regarding solving of pending issues, if any, which are being faced by the Khadi institutions/Consultancy Firms in the implementation of the Scheme.

3.5 Ambiguity

Notwithstanding anything contained above, Ministry/KVIC may issue such instructions as may be necessary to implement the above-mentioned guidelines. If any difficulty or ambiguity arises in giving effect to these provisions, central government may issue appropriate directions, which shall be binding on the implementing agency. In so far as interpretation of any provisions of these guidelines, the decision of the central committee shall be final.

3.6 Selection

3.6.1 Selection of Khadi Gaon

100-150 Villages at all India level will be selected. State Level Committee (SLC) will shortlist the villages based on the following criteria:

- Availability of artisans within the radius of 5 kilometers
- Proximity to promoter i.e. Khadi Institution Partner (KIP)
- Any other suitable criteria drafted by the Central Level Committee (CLC)

<table>
<thead>
<tr>
<th>Zone wise Distribution of Khadi Gaons</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
</tr>
<tr>
<td>East</td>
</tr>
<tr>
<td>North - East</td>
</tr>
<tr>
<td>Central</td>
</tr>
<tr>
<td>North</td>
</tr>
<tr>
<td>West</td>
</tr>
<tr>
<td>All Zones</td>
</tr>
</tbody>
</table>
* The target will be given based on potential of the region. Directorate of khadi will convey other modalities from time to time.

**Preferably each state/UT should be involved

Khadi Institution Partner

The State Level Committee will submit the list of interested KRDP-assisted institutions to CLC, which will finalize the KIPs and allot Khadi Gaon to them for working as training and administration support agency.

- Khadi institution categorized under A+, A and B category having profit for last 3 years.
- Khadi Institutions, preferably implementing KRDP/Khadi SFURTI which are registered with KVIC/State KVI Boards and having valid Khadi Certificate and "Khadi Mark Registration Certificate".
- Khadi Institutions who have production turnover of more than Rs.1.00 Crores and implementing Khadi Programme in backward areas/villages.

Khadi Business Partner

Through awareness created by SLC and CLC, EOI will be published inviting applications from interested private players to work as Khadi Business Partner (KBP). State Directors will receive applications and screening and selection will be done by the CLC. KBP can be any of the following:

- A Private Limited Firm
- A Public Limited Firm
- Above-mentioned entities will have to submit relevant legal papers of incorporation and any documents as informed by CLC from time to time, prior to selection.

KBP Checklist

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Pre-qualification Criteria</th>
<th>Reference/details / documentary evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The applicant should be an entity as per 3.6.3.</td>
<td>Certificate of incorporation / any other relevant documents</td>
</tr>
<tr>
<td>2.</td>
<td>The applicant must have positive net worth in FY-2018-19</td>
<td>Copy of CA Certificate indicating net worth for FY-2018-19</td>
</tr>
<tr>
<td>3.</td>
<td>In case of a Ltd. Company/Pvt. Ltd. Company/Partnership Firm or</td>
<td>Document should be MoA and Articles of Association</td>
</tr>
</tbody>
</table>
a Company Registered with Registrar of Firms/Registrar of Companies

<table>
<thead>
<tr>
<th></th>
<th>The applicant should be Income Tax assesses having filed its income tax returns for the last 3 financial years</th>
<th>Copy of Income Tax Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>The applicant should have GST Registration</td>
<td>GST Registration Certificate</td>
</tr>
<tr>
<td>5</td>
<td>The applicant should not have been blacklisted by any of the PSUs for the last 2 years</td>
<td>Self-Declaration (As per Annexure – I)</td>
</tr>
<tr>
<td>6</td>
<td>The applicant shall have sufficient and active professional on its pay role</td>
<td>Details of Human Resource issued by HR/Authorized signatory of the firm/entity</td>
</tr>
</tbody>
</table>

3.7 Agreements

3.7.1 KVIC-KIP Bilateral Agreement for Project Execution

As for the governing process of setting up and operating the enterprise, KVIC will enter into an overarching bilateral agreement with the identified Khadi Institutions. This will be called as the “Execution Agreement” (Annexure - II).

3.7.2 KGVS-KIP-KBP Tripartite Agreement of Enterprise

KVIC will also ensure a Tripartite Agreement, which holds together the KGVS, KIP and KBP for the operational activities of the enterprise. This will be called as the “Enterprise Agreement” (Annexure -III).

3.8 Release of Funds

1. SFC Sanction will be given after approval of SSC chaired by Secretary, MSME, is issued.
2. Separate Escrow account will be opened for all the transactions of Khadi Gaon/KGVS for all the funds transferred from KVIC and other financial transaction purposes.
3. After approval of SFC, funds will be released in favour of State Director by concerned Directorate of Head Office.

Guidelines on KGVY_02.07.2019
4. State Director shall release the funds in favour of KIP after evaluation of the progress by the State Level Committee.

5. Funds for implementation shall be released by concerned SO/DO in the ratio of 25%, 65% & 10% as per release pattern of KVIC for implements.

Detailed modalities are attached as Annexure-IV

3.9 Development of Online Portal

KVIC will develop an ‘online portal’ for smooth functioning and easy monitoring of the RYG scheme. The portal will be developed in-house through DIT or through any other source.
4 Procedure (Flow Chart)

Setting up of desirability and eligibility criteria

A) Screening and Selection by SLC chaired State Director
B) Evaluation by CLC
C) SSC approval
D) SFC sanction

Train the trainer MDTC (KVIC)

2. Tri-partite agreement of enterprise (KGVS-KIP-KBP)

A) KIP level training to new artisans
B) Other Infrastructure support

Release of Fund through SO

Guidelines on KGVY_02.07.2019
Annexure I

Under taking by KBP

(To be submitted on Bidder's company letter head)

KVIC
Gramodaya, 3 Irla Road,
Vile Parle (West),
Mumbai – 400056,
Maharashtra, India
Fax: 022 – 26711003/
Telephone: +91 22 26714320-22/
26714325/ 26716323/ 26712324/
26713527 – 29/ 26711073/ 26713675

Date:

Dear Sir,

Sub - Selection of Khadi Business Partner
RFP No: XXXX/2018/KVIC/others dated

We, the undersigned entity, having read and examined the aforesaid documents, issued by KVIC do hereby covenant, warrant and confirm as follows:

We hereby agree to comply with all the terms and conditions / stipulations as contained in the RFP and the related addendums and other documents including the changes made to the original agreement documents issued by KVIC, shall form a valid and binding part of the aforesaid RFP document.

KVIC is not bound by any other extraneous matters or deviations, even if mentioned by us elsewhere either in our proposal or any subsequent deviations sought by us, whether orally or in writing, and KVIC's decision not to accept any such extraneous conditions and deviations will be final and binding on us and persons claiming through us.

We further declare that I / we are eligible and competent as per criteria given by KVIC and the information submitted by the company/firm is true and correct and able to perform this contract as per RFP document.
I/we hereby declare that I/we has/have not been debarred/ black listed by any Public-Sector undertakings, or any other Government Institutions or associated entities or any other Government / Semi Government organizations in India during last 05 years from the date of RFP. I/we further certify that I/we are competent officer in my company to make this declaration that our bid and its terms & conditions is binding on us and persons claiming through us and that you are not bound to accept a bid you receive.

Thanking you,

Yours sincerely,

Date  Signature of Authorized Signatory ...

Place  Name of the Authorized Signatory ...

Designation ...

Name of the Organization ...

Seal ...

Guidelines on KGW_02.07.2019 30
Annexure-II

Draft Agreement

Execution Agreement to be entered between Khadi and Village Industries Commission (KVIC) and Khadi Institutional Partner (KIP) under the Rozgar Yukta Gaon Scheme

THIS "Agreement" made at _____________ this ______ day of ____________ between Khadi & Village Industries Commission ("KVIC"), a statutory body created by an Act of Parliament (No.61 of 1956) having its Central Office at "Gramodaya", 3rd Irfa Road, Vile Parle (West), Mumbai– 400056, (hereinafter called "KVIC", which expression shall, unless repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the One Part AND ________________________________, a Khadi Institution supported under the Khadi Reform and Development Programme having its place of business at ________________, hereinafter called "KIP" (which expression shall, unless repugnant to the context or meaning thereof be deemed to mean and include its survivors or survivor of them and heirs, executors and administrators of the last survivor and their/him/her permitted assigns) of the Other Part.

Preliminary:

WHEREAS,

1. The KIP would be a designated Khadi institution, selected from the KRDP assisted list and is desirous of providing support for setting up of Khadi Gaon Vikas Sansthan.

2. KVIC would be the nodal agency for the Rozgar Yukta Gaon Scheme which in turn would identify the Khadi Institutional Partner (KIP) which essentially would be a Khadi Institutions and preferably supported under the KRDP scheme.

3. The primary objectives of the programme are:
   a. Introducing enterprise led model replacing subsidy led model
   b. Create an additional 12,500 direct employments in 50 villages, which are deprived of opportunities and sustainable livelihood support systems, in addition to spinning out secondary and ancillary opportunities of employment in a wider sense
   c. Develop a sustainable model of Khadi based business enterprise in the villages, setting forth a tripartite collaborative model of entities from the Government, business and the community to produce quality goods
   d. Develop skills where they don't exist, provide opportunities where they are not available, generate income where there is no present
probability and build sustainable self-reliance to communities where such a possibility is currently a distant dream through this scheme.

NOW THIS AGREEMENT WITNESSTH AND IT IS HEREBY MUTUALLY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

A. Terms and Conditions
1. In this Agreement unless the context otherwise requires:
   a. The “Products” shall mean Khadi products as defined in the KVIC Act, 1956.
   b. “Khadi Institutional Partner” (KIP) shall mean the Khadi Institution selected by the KVIC for implementing RYG scheme and handholding of the Khadi Gaon/Khadi Gramodyog Vikas Sansthan (KGVS)
   c. “KGVS” shall mean the Khadi Gaon/Khadi Gramodyog Vikas Sansthan which would be formulated in the selected villages under the RYG
   d. “RYG” shall mean the Rozgar Yukta Gaon Scheme which is a new Scheme launched by KVIC.
2. Relying upon the proposal of KIP, the KVIC hereby agrees to grant status of “Khadi Institutional Partner (KIP) on terms and conditions contained herein.
3. Concerned State/Divisional Director of KVIC will be the Coordinator and nodal and administrative authority on behalf of KVIC shall execute the Agreement and shall attend to all issues as well as monitoring and decision on all disputes or differences between the Parties arising out of or in connection with this Agreement.
4. Unless determined earlier as hereinafter provided, this Agreement shall continue to be in force for a period of five years (5) years from the date of execution of this Agreement.
5. KIP will be responsible for providing in totality all technological hand holding support for setting up of KGVS.
6. KIP would ensure all operational support to the KGVS and will also monitor the project.

B. KVIC Assistance in Kind:
1. The assistance from KVIC would be in the form of infrastructural support and training as envisaged in the RYG scheme to be consumed by the artisans in the selected villages.
2. The assistance sanctioned shall be released in suitable manners as per the approved action plan and as decided by KVIC.
3. The KIP shall maintain separate records of the details of the assets acquired from the assistance in kind under the programme.
C. Utilization of KVIC Assistance in kind
It is expressly agreed that the outlay sanctioned hereunder shall be utilized only for the purpose of the assignment and the assistance in kind, if any, shall not be diverted for any other industry, purpose, assignment or use.

D. Programme Monitoring Mechanism
1. KIP shall work in co-ordination with the KVIC and the KGVS.
2. The KVIC shall depute its representatives or officials to assess the programme progress from time to time.
3. In the event of any dispute or unsatisfactory programme performance, the KVIC shall have the right to discontinue the programme and if KIP by any means involved in the same. The KVIC will recover the cost of implements from KIP.

E. Completion of the programme
The programme shall be deemed to have been successfully completed on establishment of the KGVS as an independent Khadi Institutions and start of commercial production of specialized products by the KGVS.

F. No Liability to KVIC
There shall be no principal and agent relationship between KVIC and KIP. The KVIC shall not be held liable for acts of omissions or commissions of KIP resulting in claim and damages from third party.

G. Force Majeure
Neither party shall be held responsible for non-fulfilment of their respective obligations under this agreement due to exigency of one nor did more force majeure events, such as floods and fire, provide on the occurrence of such events the affected shall give one month notice within occurrence of such event.

H. Resolution of Dispute/Interpretation
The redressal in respect of policy and operational issues can be settled at the following levels:
 a. To be settled by Dy. CEO (Khadi) of KVIC.
 b. In case, the issue could not be resolved at the level of the Dy CEO (Khadi), it shall be referred to the C.E.O. for settlement.
 c. In case the issue / dispute cannot be settled amicably as aforesaid, the matter shall be referred to Conciliation or Arbitration under the provisions of ICADR Rules. The place of Conciliation/Arbitration shall be in Mumbai.
 d. For all legal recourses concerning the RYG Scheme, the Courts in Mumbai alone shall have exclusive jurisdiction.
I. Termination of agreement
KVIC/KIP shall be entitled to terminate this Agreement forthwith by giving a three month notice in writing to the KIP on the happening of any of the following events viz.:

a. The KIP acts in a manner prejudicial to the interest of KVIC.

b. The KIP commits a breach of any of the terms, provisions, and conditions contained in this agreement and fail to rectify the same within thirty days from being called upon to do so by KVIC.

c. KIP subcontracts the assignment to any other agency.

d. KIP manufactures spurious Khadi Products/non-Khadi products, which could tarnish the image of brand Khadi.

e. KVIC's decision as to the occurrence of any of the aforesaid events mentioned in this clause shall be final binding on the KIP.

Signed, Sealed and Delivered by

Sri

For and behalf of the first party, in presence of witness

1.

2.

Annexure-III

Format for Tripartite Agreement among KVIC, Khadi Institution Partner and Khadi Business Partner under Rozgar Yukta Gaon - RYG

This agreement is made at on this the the day of 20 between

i. Khadi and Village Industries Commission, Mumbai (KVIC) (hereinafter referred to as the 'KVIC'), having its Head Office at Mumbai represented by Chief Executive Officer or other competent authority (hereinafter referred to as the 'KVIC'),

and

ii. Khadi Institution Partner (hereinafter referred to as the 'KIP') having its registered office at....... represented by its Secretary or other competent authority (hereinafter referred to as the 'KIP'),

and

iii. Khadi Business Partner (KBP) having its registered office at....... represented by its Managing Director, Chief Executive Officer or any other competent authority (hereinafter referred to as the 'KBP').
WHEREAS the KVIC has introduced a scheme named as ‘Rozgar Yukta Gaon (RYG)’ with the objective of developing Khadi Institution and to create direct employment in 50 villages through enterprise led model for development and promotion of Khadi.

AND WHEREAS for binding the Parties to their respective obligations and to ensure long term use of the institution by the parties in the Khadi production, the Parties are desirous to enter into an agreement;

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

2. The KVIC shall contribute to the Capital Expenditure (CAPEX) as part of the Institution through the financial assistance provided to the Khadi Institution Partner.

3. The establishments like CFC of KIP, if available, shall be used for RYG implementation. In case of unavailability KVIC will Co-ordinate with Khadi Gaon/KGVS to arrange the required space by Liaising with local Panchayat or any other raj institution through SO/DO

4. The Khadi Institution Partner shall handhold Khadi Gaon for day-to-day operations. The aim of RYG is to replace subsidy led model to enterprise led model and to create direct employment as well as generate surplus margins in the form of profits to meet all its running expenditure, depreciation and provision for replacement/expansion of capital assets.

5. Khadi Gaon funds will be parked in a separate dedicated account created in State/Divisional Offices under the State/Divisional Directors. Interest accrued, if any, on unutilized fund shall be adjusted against future disbursement under the scheme. Modalities for implementation of Rozgar Yukta Gaon (RYG) are appended at Annexure-IV under Khadi Gramodyog Vikas Yojana (KGVY).

6. KVIC will reserve the right to carry out physical verification of the assets acquired with the funds or initiate any other enquiry as it may deem fit to satisfy the competent authority with regard to the proper utilization of the funds released.

7. The KVIC will act as a facilitator to supervise and evaluate the progress of the project. The KIP will also inform the KVIC about the status of the establishment or running of institution and shall also report to the KVIC for any discrepancies in its management or otherwise.

8. All plant, machinery, fixtures or equipment etc. procured for RYG with the support of the KVIC grant shall be the exclusive property of KVIC until the formation of KGVS, though in the custody and use of the KIP.
9. The Khadi Institution Partner shall ensure to keep insured all the plant, machinery, fixtures and equipment provided under RYG for a minimum period of 5 years or till the formation of KGVS whichever is later.

10. The Khadi Institution shall observe all the conditions and stipulations of the Sanction Letter/guidelines framed by KVIC time to time.

11. In the event of any liquidation or bankruptcy proceedings or any threatened distress action against the institution or any of its assets all plant, machinery, fixtures and equipment procured for the purpose of the institution out of or with the support of the KVIC grant shall be outside such proceedings and the KVIC may assume the control and management of the institution and appoint any of its officer or officer of the KVIC or any semi-government or non-government body to run the institution.

12. The Institution represents and warrants:

A. That it has been duly constituted under the law as applicable and has full authority to enter into this Agreement.

B. That this agreement is binding upon it in all its provisions.

C. That KBP and KIP shall work on mutual co-operation basis on sound managerial and business principles and no managerial changes shall be made which may adversely affect the smooth functioning of the Institution.

D. That KBP and KIP shall keep all the plant, machinery, fixtures and equipment in good working order and shall undertake all preventive, remedial maintenance and upkeep time to time.

E. That the plant, machinery, fixtures and equipment procured out of or with support of the KVIC grant, is the property of KVIC; the KBP and KIP shall not sell, hypothecate, mortgage, charge or create any encumbrances against the said plant, machinery, fixtures and equipment or any part of it in favour of any person, for any reason or transaction.

F. That the KBP and KIP shall follow the directions of the KVIC, as may be issued from time to time for better management and smooth functioning of RYG programme.

G. That the Rozgar Yukta Gaon provides for only one time grant towards capital cost of establishing the Khadi Gaon and no subsidy/grant/assistance is envisaged for the recurring expenses or for replacement, renovation or expansion of the capital assets.
H. In the event it is found that the Khadi Institution Partner has not utilized the amount of grant, or any part of it, for the setting up of the Institution or has subsequently sold or otherwise disposed off any of the assets of the institution acquired out of the grant, the KVIC, without prejudice to any other rights, shall be entitled to recover the amount of loss as arrears of land revenue from the institution and/or persons connected with its management jointly and severally.

13. In case of any disputes or differences arising from, in relation to or in connection with this Agreement and not otherwise provided for in the succeeding clause, shall be settled by arbitration through reference to a sole arbitrator nominated by the KVIC. The provisions of the Arbitration and Conciliation Act, 1996 shall apply to the arbitration proceedings. Courts in Mumbai shall have exclusive jurisdiction in all the matters.

14. In case of violation of the stipulated conditions or non-observance of the KVIC Guidelines by the KIP/KBP which is not cured within 15 days of issue of notice by the KVIC, the KVIC in consultation with the State Directorate may, for such time as it may think proper, assume the management of the Institution or delegate the same to the Khadi Business partner, or a semi-government or non-government body, to assure proper functioning of the Institution. The decision of KVIC in this regard will be final. In such event the institution shall have no claims for any investment made in the Institution or its management.

15. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall remain in full force.

16. In case of ambiguity or any discrepancy the guidelines framed for implementation of RYG by KVIC will be referred.

17. No amendment to this agreement shall be valid unless expressed in writing and duly signed by all the Parties.

18. This agreement does not constitute any partnership of the KVIC with the KBP and KIP, and the KVIC shall not be responsible for any act, omission, negligence, etc. of the KIP and KBP or its employees, agents or contractors or any injury suffered or claim made by any person in respect of the working of the Institution.

1) KVIC, Represented by Shri...........
2) KIP, Represented by Shri...........
3) KBP, Represented by Shri...........

Guidelines on KGW_02.07.2019
Annexure-IV

Modalities for implementation of Rozgar Yukta Gaon (RYG) under Khadi Gramodyog Vikas Yojana (KGVY)- reg

Selection Criteria for KIP

1) Khadi Institutions categorized under A+, A and B category having profit for the last 3 years.
2) Khadi Institutions, preferably implementing KRDP/Khadi SFURTI which are registered with KVIC/State KVI Boards and having valid Khadi Certificate and "Khadi Mark Registration Certificate".
3) Khadi Institutions who have production turnover of more than ₹1.00 Crores and implementing Khadi Programme in backward areas/villages.

Stage-I

Procedure for identification of KIP, KBP and Khadi Gaon

- State/Divisional Directors will identify eligible Khadi institutions (KIP), Khadi Gaon and Khadi Business Partners (KBP) which are fulfilling the prescribed selection criteria.
- The State/Divisional Directors will place all the proposals of KIP, KBP and Khadi Gaon before State Level Committee (SLC) for its onward recommendation to the Zonal Dy. CEOs.
- The Zonal Dy. CEOs will recommend the proposals to Central Level Committee (CLC),
- Recommendation of CLC shall be communicated to concerned stake holders with the approval of CEO.

Stage-II

Approval of action plan

- KIP and KBP shall submit action plan concerned State/Divisional Office,
- State/Divisional Director shall scrutiny the action plan and place before State Level Committee (SLC).
- State/Divisional shall forward the duly recommended action plan to Central Office through Zonal Dy. CEO for placing it before CLC.
- Proposals received shall be placed before CLC for its approval.

Stage-III

Placing the proposals before SSC and Commission/SFC

- The proposals approved by CLC will be placed before the competent authority of KVIC for placing before SSC for sanction.
After the approval from SSC the proposals shall be placed in the Commission/SFC by the Directorate of Khadi for sanctioning of funds in favour of respective State/Divisional Offices.

Stage-IV

Release of KVIC Assistance:

- SFC Sanction will be given after approval of SSC chaired by Secretary, MSME, is issued.
- After approval of SFC, funds will be released in favour of State Director by concerned Directorate of Head Office.
- Funds for implementation shall be released by concerned SO/DO in the ratio of 25%, 65% & 10% as per release pattern of KVIC for implements.
- Administrative cost of ₹4.50 lakhs for implementing the scheme shall be provided to KIP. Fund will be transferred in four installments of 25% each and will be released every quarter.
- State Director shall release the funds in favour of KIP after evaluation of the progress by the State Level Committee.
- If the fund requirement is over and above the sanctioned limit the same shall be conveyed to Ministry of MSME for decision.
- The programme shall be implemented within twelve months from the date of final sanction of SFC. If the utilization of fund goes beyond twelve months the approval of Commission through SLC and CLC is necessary.
- The assistance for procurement of NMC/Loom/Warping unit shall be governed as per the guidelines issued with regard to empanelment of Charkha manufacturing units/Looms etc.
- The assistance for training shall be governed as per the guidelines issued by the Directorate of Capacity Building. Training fund shall be released in favour of Directorate of CB for conducting training.
- Internal Savings: Savings are interchangeable i.e. saving in one head can be utilized in other head if cost is exceeded than the sanction amount with approval of SLC and Zonal Dy. CEO.
- The SO/DO shall submit the UC as per the GFR 12A format within three months from the date of release of funds by KVIC.
- A separate bank account will be opened for KGVS, KIP and KBP for all assistance and monetary transfers.

MONITORING

i) State Level Monitoring:

- KVIC, being the Nodal Agency, the respective State/Divisional offices will be responsible to monitor the effective implementation of Programme at Khadi institution (KIP/KBP) level.
- State/Divisional Directors shall ensure periodical effective monitoring of the programme and submit the monthly monitoring report in the SLC and Zonal Dy. CEO.
- The Zonal Dy. CEOs will examine the status of implementation of the programme and appraise the same to CLC/CO.

ii) Central Level Monitoring:

- The Director (Khadi) will examine and process the monthly monitoring reports submitted by the State/Divisional Directors through the Zonal Dy. CEOs and place the same before the CLC/competent authority of KVIC.
- The monthly monitoring report will be furnished to the Ministry of MSME with the approval of competent authority.
## Annexure V

### Revenue and Capital

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Units</th>
<th>Unit Cost in ₹</th>
<th>Total Cost per village ₹Crores</th>
<th>Total Cost for 50 Villages ₹Crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Annual Production for a Villages ₹Crores</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Annual Turnover (Sale Value) a single village ₹Crores</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Net Earnings for a single village</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Capital</strong></td>
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<td></td>
</tr>
<tr>
<td>Total Charkhas</td>
<td>200</td>
<td>15000</td>
<td>0.3000</td>
<td>15.00</td>
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<tr>
<td>Tool Kits</td>
<td>8</td>
<td>15000</td>
<td>0.0120</td>
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<td>Total Looms</td>
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<td>45000</td>
<td>0.1800</td>
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<td>Hank to Cone Winding Machines 16 spindles (1 machine for 20 looms and 2 shifts)</td>
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<td>65000</td>
<td>0.0130</td>
<td>0.65</td>
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<tr>
<td>Cone re-winding Machines 16 spindles (1 machine for 20 looms and 2 shifts)</td>
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<td>65000</td>
<td>0.0130</td>
<td>0.65</td>
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<tr>
<td>Pirn Winding Machines 12 spindles (1 machine for 20 looms and 2 shifts)</td>
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<td>Sectional Warping Machines (1 machine for 20 looms 2 shifts)</td>
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<td>Logistics (Transport, installation, service station, etc.,) @ 5% on Capital Cost</td>
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<td><strong>Training Cost</strong></td>
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<td></td>
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<tr>
<td>Spinners 15 Days (Wage Compensation ₹ 1500 + Raw material ₹ 1000 + Trainer's cost ₹ 500)</td>
<td>200</td>
<td>3000</td>
<td>0.0600</td>
<td>3.00</td>
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<tr>
<td>Weavers 30 Days ((Wage Compensation ₹ 2500 + Raw material ₹ 1500 + Trainer's cost ₹ 750)</td>
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<td>4750</td>
<td>0.0190</td>
<td>0.95</td>
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<tr>
<td><strong>Administrative Cost</strong></td>
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<td>Publicity/Campaigning</td>
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<td>Project Management Unit</td>
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<td>Administrative Cost</td>
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<td>Surveys and Studies</td>
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<td>0.0076</td>
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<td>Documentation</td>
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<tr>
<td>Total Administrative Cost</td>
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<td><strong>Contingencies</strong></td>
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<tr>
<td>Total Hard Component</td>
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<tr>
<td>Total Soft Component</td>
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<tr>
<td><strong>Total Cost of the Project</strong></td>
<td></td>
<td>0.82</td>
<td>41</td>
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</table>
2.2 Khadi Quality Assurance

A - Introduction

In the past plan periods, Khadi and Village Industries sectors had various independent schemes developed to meet the needs of these sectors. At present, it is proposed to merge all the existing schemes/sub-schemes/components under the Khadi Grant and Village Industry umbrellas with a few new components into "Khadi and Gramodyog Vikas Yojana (KGVY)".

KVIC Act entrusts the Commission to play the role of a promoter, which means fulfilling social and economic development of rural artisans and to ensure the purity of khadi. In view of the changed economic and market scenario, KVIC needs to be more pro-active as a facilitator. This role of KVIC can be fulfilled if KVIC can act as a catalyst for liberating the sector from its limitations and transforming the Khadi & VI institutions into commercially viable entities for ensuring their healthy growth based on the needs of the competitive market rather than being dependent on subsidies.

Under “Khadi and Gramodyog Vikas Yojana (KGVY)” KVIC proposes to assure quality products and to enhance standardization of quality and in compliance of the Khadi Mark Regulations 2013, and to achieve the objectives of

- Guarantee genuineness of Khadi and Khadi products produced in India - “Hand Spun, Hand Woven and Natural Fiber”
- Establish a unique identity for Khadi
- Improved customer awareness
- Increase popularity of Khadi

KVIC has developed Khadi Mark under the Khadi Reform Development Programmed to guarantee the genuineness of Khadi i.e. hand spun and hand woven, containing natural fibers (cotton/wool/silk), produced in India. Khadi Mark signifies that the Khadi product is made of natural fiber i.e. cotton, wool and silk through the process of hand spinning and hand weaving. In this regard, Khadi Mark Regulations 2013, published in the Gazette of India dated July 22, 2013, No.3212GI/2013, empowers KVIC to provide Khadi Mark by laying down standards of assurance and by authorizing the use of Khadi Mark.

With the Khadi Mark Regulations 2013, in force, no textile shall be sold or otherwise traded by any person or institution as Khadi or Khadi product in any form or manner without it bearing a Khadi Mark tag or label issued by the Commission under these regulations. Also, no institution or person engaged in the business of sale of Khadi or Khadi products shall procure Khadi or Khadi products
unless such Khadi or Khadi product bears a Khadi Mark tag or label issued under the said regulations.

Khadi Mark tags or woven labels will not be applicable to Polyvastra and its products.

**Guidelines for drawing and testing of samples for assuring Quality and genuineness of khadi as per Khadi Mark Regulation, 2013.**

1  **Accredited Agency:**

   As per the Khadi Mark Regulations 2013, accredited agencies will be engaged by KVIC to undertake the verification and testing of Khadi and Khadi products for persons which do not hold a valid Khadi certificate. Selection of such agencies will be done in consultation with the Bureau of Indian Standards, the National Accreditation Board for Certification and any other organization approved by the Central Government for the purpose.

1.1  **Roles and Responsibilities of Accredited Agencies**

Following are the role and responsibilities of the accredited agencies:

- Collect physical samples of Khadi and Khadi products (Number of samples, size and sampling technique to be prescribed by KVIC from time to time) for testing.
- Conduct or arrange testing of samples of Khadi and Khadi products produced or sold by the persons, through laboratories registered by the Central or State Governments, to ensure genuineness of Khadi.
- Submit a monthly report along with the Khadi and Khadi product samples collected and test reports by every 10th of subsequent month to the Director (Khadi Certification), KVIC, Mumbai.
- State the nature of discrepancy, in case of any discrepancy found in samples drawn and tested.
- Any other incidental or ancillary function assigned to them by the Commission in consultation with the Central Khadi Mark Committee (CKMC).

**Note:** The Commission shall have the right to perform the functions enumerated above, if the accredited agencies fail to perform their functions in the event of any deficiency in the functions of accredited agencies.

2  **Sampling and testing procedure to be followed by Accredited Agency**

The accredited agencies while collecting the samples for verification of genuineness of Khadi and Khadi products shall follow the procedure as specified in Table 2. The agency should not consider and take any sample provided by the applicant.
Accredited agency has to take two samples of one product from central godown (product having highest production) and two samples of one product from the best performing sales outlet (product having highest sale).

Detailed sample drawing procedure is elaborated in Table

| Table: Sample drawing Procedure |

Sample drawing plan should cover the following:

a. The Khadi production center having the highest production in last two years or current year  
b. The sales outlet having the highest sales in last two years or current year  
c. Central godown

Khadi Samples to be collected as follows: (As far as possible avoid readymade fabric)

a. Two samples of a product from central godown (product having highest production)  
b. Two samples of a product from the best performing sales outlet (product having highest sale)

The process of collecting sample is as follows:

a. The sample must be chosen by the accredited agency. (The agency should not consider and take any sample provided by the applicant)  
b. Collect Khadi samples of length 1.00 meter.  
c. Cut the sample into two pieces of 0.50 meter each. The samples should compulsorily have selvedge on both the sides.  
d. Cut one of the 0.50-meter piece sample into 2 swatches of 0.25 meter each  
e. All the portions should be signed on the top right-hand side corner by the accredited agency and the bottom right hand side corner by the Khadi Mark user.  
f. The procedure for maintaining Khadi samples is as follows  
   i. Swatch 1: To be handed over to the applicant for reference  
   ii. Swatch 2: To be retained by the Accredited Agency for reference  
g. Sample (0.5 meter): To be retained by the accredited agency for sending it to the testing laboratory.
3. Procedure regarding periodical testing of the samples for ascertaining genuineness of Khadi produced/sold by khadi Mark users.

(1) Accredited agency shall draw samples of khadi and khadi products from Khadi Mark users twice in a year.
(2) Khadi Mark users shall have to pay fee for testing and drawing of samples annually as fixed by Commission from time to time.
(3) Fee for drawing of testing of samples shall be in addition to registration fees.
(4) Since, Khadi Mark shall be given for 5 years, first year fee for drawing samples shall have to be paid by khadi mark users, upfront at the time of application for Khadi Mark Registration Certificate.
(5) Subsequently, Khadi Mark users shall have to pay fees by 30th April of every year. If the fees are not paid by the Khadi Mark users, following steps shall be initiated:
   i. If the fees are not paid by the Khadi Mark users for two consecutive years, penalty of 50% of one-year fee shall be charged.
   ii. If fee is not paid for three consecutive years, then the Commission shall take steps to cancel the Khadi Mark Registration Certificate given to them.
(6) However, notwithstanding the above, Commission shall have the right to undertake inspection and verification of genuineness of Khadi at any time as part of special verification.

4. Method of Testing

Accredited agency will conduct testing of Khadi (Cotton/Wool/Silk or combination of them) samples or combination of them through Government approved testing laboratories. The laboratories will test the Khadi samples as per BIS-667-1981 (RA2008) for identification of 100% natural fiber and direction of twist and twists per inch as per BIS-832-1985 (RA1999).

To carry out above functions and khadi mark label management KVIC has identified Textile Committee Which is a Statutory body established by the Textiles Committee Act, 1963 (41 of 1963) and under the administrative control of Ministry of Textiles, Govt. of India, as accredited agency an MOU have been signed with textile Committee.

5. Modification and amendments:

Commission is authorized to amend/modify the guidelines as per the requirement and need without compromising khadi mark regulations.
3. Financing of Khadi Institutions

3.1 ISEC - (The earlier issued guidelines shall continue)
DIRECTORATE OF ECONOMIC RESEARCH AND BANK FINANCE,
KHADI AND VILLAGE INDUSTRIES COMMISSION,
GRAMODAYA, MULGA ROAD, VILE PARLE (WEST), BOMBAY 400 064,

No. BF/18 (I)/77-78

Bank Finance Cell

Procedure for operating "Interest Subsidy Scheme"
under institutional financing for

Khadi and Village Industries

The Government of India vide their letter No. 4 (47)-KVI-I dated 17-6-1977
have approved a comprehensive interest subsidy scheme for institutional financing of the
Khadi and Village Industries Programme.

2. The Interest Subsidy Scheme shall be applicable to the following types of loans
from institutional financing agencies.

(i) Loans raised by the Khadi and Village Industries Commission (KVIC) for
disbursement as capital investment and working capital loans to:

(a) A State Khadi and Village Industries Board;

(b) A registered institution: A registered institution means an institution registered
under the Societies Registration Act 1860 (21 of 1860) or under any other law for the time
being in force in any State.

(c) A Co-operative Society: A co-operative society means a society registered
under the Co-operative Societies Act 1912 (2 of 1912) or under any Co-operative law
for the time being in force in any State. This includes all Industrial Co-operative Societies,
the service Co-operative Societies and the block level multi-purpose Co-operative Societies.

(d) A trust created for public purposes of a charitable or religious nature.

(ii) Loans raised by the Khadi and Village Industries Commission for purchasing,
stocking and distribution of raw materials to registered institutions and Co-operative
societies and for the production and sales activity undertaken by the Commission departmentally.

(iii) Loans raised by the State Khadi and Village Industries Boards for disbursement
of capital investment and working capital loans to institutions/co-operative societies/individual artisans or to meet requirements of its departmental activities connected with
the production and sales of Khadi and Village Industries products.
(iv) Loans raised by the Registered Institutions to meet their capital, investment and working capital needs.

(v) Loans raised by the Co-operative Societies to meet their capital investment and working capital needs.

3. The interest subsidy will be admissible only on the funds raised for the development of Khadi and Village Industries, as specified in the schedule of village industries in the KVIC Act. The industries which may be specified from time to time in pursuance of Notification under Section 3 of the said Act also will qualify for the interest subsidy.

4. Financial institutions will include all the scheduled and non-scheduled banks, (including the State Bank of India and its subsidiaries, nationalised banks and co-operative banks), State Financial Corporation, Industrial Development Bank of India and other financial institutions which are created/registered under Act of Parliament or State Legislatures.

5. The quantum of subsidy shall be limited to the difference between, the actual rate of interest charged by the financing institutions and 4. (four), per cent. to be borne by the borrower. If at any stage interest rate charged by the Khadi and Village Industries Commission is modified, the quantum of subsidy shall be limited to the difference between the rate of interest charged by the financial institutions and such modified rate of interest.

6. The scheme shall be implemented in the following manner:

(i) At the time of sending budget proposals to the budget section of KVIC, State Khadi and Village Industries Boards will indicate separately, funds likely to be made available to them from the banks industrywise, purposewise and also institutionwise. As regards the directly aided institutions/co-operative societies, similar information will be sent by the concerned institutions/co-operative societies to the concerned State Directors and/or the Budget Section of the Khadi and V.I. Commission, before the budget discussions are held.

(ii) After the receipt of the above information by the budget section of the Commission/the State Directors of the Commission, discussions will be held at the time of Annual Budget discussions with the concerned State Boards/Institutions/Co-operative Societies, and the programme for the institutional financing, will be finalised. As usual, after finalisation, the budget section will send the proposal of the State Boards to the S.F.C. for their approval. Similarly, after the discussions are held by the State Directors, or at the H.O. of the Commission, proposals of directly aided institutions, co-operative societies etc. will be sent to the concerned industry/programme directors who will place their proposals before the S.F.C.

(iii) After the proposals are sanctioned by the S.F.C. of the Commission, the Bank Finance cell will receive copies of such sanctions of the S.F.C. Only such State Boards, Institutions/co-operative societies whose names are included in the sanctions of the S.F.C. will qualify for interest subsidy from the Commission.

(iv) On the basis of the limits approved by the S.F.C. in respect of bank borrowings for different purposes the Bank Finance Cell will issue Interest Subsidy Eligibility Certificates in favour of the concerned State Boards/Institutions/Co-operative Societies etc.
(v) In respect of institutions and co-operative societies working under the State Boards, the State Boards will issue the Interest Subsidy Eligibility Certificate for borrowings by these agencies from banks within the limits indicated in the Interest Subsidy Eligibility Certificate issued in their favour by the Commission under para (iv) above.

(vi) The Interest Subsidy Eligibility Certificate to be issued by the Commission would be signed by the Chief Executive Office of the Commission or he may delegate powers to the Dy. Chief Executive Officer (K) and Dy. Chief Executive Officer (V.1) Similarly, the Interest Subsidy Eligibility Certificates to be issued by the State Boards in respect of institutions and societies working under them should be signed by their C.E.O./Secretary/Executive Officer/Administrator.

(vii) On the strength of the Interest Subsidy Eligibility Certificate the State Board/institutions/co-operative societies etc., will negotiate with their bankers for the required financial accommodation.

(viii) The final decision to accept or reject any loan application from eligible borrowers will vest with the banks. However, in case the banks reject some applications they may indicate to the Commission/the State Board the reasons for rejecting the loan applications.

(ix) The Commission will have no liability of any kind either in respect of the principal amount of loan or payment of 4 per cent (or at revised rate) interest to be borne by the borrowers for which interest subsidy eligibility certificate has been issued by the Commission, or by KVIB. Its liability shall be restricted only to the extent of payment of interest subsidy as per scheme.

(x) The concerned institutions/State Boards will inform the Commission about the amount sanctioned by the banks in each case, the terms and conditions (about the rate of interest, the tenure of loan etc.) on which such amounts are sanctioned and the position about the release/drawal of funds against such sanctions as soon as the loans/limits are sanctioned by the banks and availed of by the institutions/State Boards etc.

(xi) In respect of directly aided institutions (including State Boards) the banks shall advise the Commission about the sanction and disbursement of loans to the borrowers in respect of whom the interest subsidy eligibility certificates are issued by the Commission giving reference to the Interest Subsidy Eligibility Certificate issued by the Commission.

(xii) In respect of the institutions and co-operative societies whose loan applications have been recommended by the State Khadi & V. I. Boards, the banks shall advise regarding the sanction and disbursement of loans to such borrowers to the concerned State Khadi and V. I. Boards.

(xiii) The bank will advise to the Commission/State Boards sanction and disbursement of loans (vida para xi and xii) in Form No. 2.

(xiv) The State Khadi and V. I. Boards, the State Directors of the Commission and the Khadi and V. I. Commission, Bombay will maintain interest subsidy claim register in Form No. 3, industrywise.
(xvi) In respect of institutions (including State Boards) whose interest subsidy eligibility certificate are issued by the Commission, the banks shall submit their interest subsidy claims in Form No. 4 giving reference to the interest subsidy eligibility certificate No. and date and also the No. and date of bank's payment advice and release of funds. These claims may be sent to the Commission's concerned State Directors who will scrutinise the claims and send the same to the Bank Finance Cell of the Commission, for payment.

(xvii) The claims received by the State Directorate of the Commission must be countersigned by an officer not below the rank of State Director of the Commission.

(xviii) In respect of claims received by the State Khadi and V. I. Boards the claims must be countersigned by an Officer not below the rank of Secretary/Chief Executive Officer/Executive Officer/Administrator of the State Khadi and V. I. Boards.

(xix) The Director, Bank Finance shall advise payment of such claims to the Chief Accounts Officer after entering them in the register.

Note: (i) For the loans raised by the State Boards, to meet the requirement of their departmental activities or for disbursement (vide para 2(iii) the procedure prescribed for the directly aided institutions would be followed.  
(ii) These payments being of a routine nature and of committed character like salaries, etc., no specific sanction of the Standing Finance Committee would be necessary for individual payment. However, they would be covered by the budget allocation made for interest subsidy to be paid to the banks.

(iii) Chief Accounts Officer shall arrange payment of interest subsidy amount as per the instructions of the Bank Finance Cell under advice to the section and the concerned State Director or the State Khadi and V. I. Board, who would make the note of such payments in their registers of claims.

(iv) It may be necessary to open a proper head in the monthly and annual accounts statements of the Commission, to indicate the disbursement of interest subsidy to the banks.

7. The above procedures take effect from 1-4-1977 and issues with the concurrence of the Financial Adviser of KVIC.

Chief Executive Officer,
Khadi & V. I. Commission
INTEREST SUBSIDY ELIGIBILITY CERTIFICATE

to be issued to the State Khadi and Village Industries Board

1) Name of the State Board:

2) Name of the Institutions/
   Co-operative Societies,
   whose budgets were approved
   by the Commission, along with
   the limits of bank's borrowings
   sanctioned by the Commission
   (industry-wise, purpose-wise):

3) The Khadi and Village Industries
   Commission agrees to the State
   Board surrendering its first
   charge on the assets of
   the above institution in
   favour of the Banks:

4) The State Boards should issue to
   the Banks interest subsidy
   eligibility Certificate
   in respect of the above
   institution in Form No. 1 (B)

5) The Commission would be liable
   to pay interest subsidy as per
   the scheme only for the period
   for which the loan is sanctioned
   by the bank and is not liable to
   pay such interest subsidy for
   the defaulted period

   Chief Executive Officer
   Khadi and Village Industries Commission

To:

C.E.O./E.O./Secretary/Administrator
(Khadi and Village Industries Board)

Copy to:
INTEREST SUBSIDY ELIGIBILITY-CERTIFICATE

Full Name of the borrower:

Complete address of the borrower:

Industry:

Purpose:

Amount of loan (Rs.):

The above mentioned (Institution) has applied to

(Name and address of the Bank)

for a loan of Rs.

for

(purpose and industry)

The above loan upto Rs.

will be eligible for the interest subsidy payable by the Commission in terms of Govt. of India, Ministry of Industry (Dept. of Industrial Development) letter No. 4 (47)/72-KVII(I), dated the 17th May, 1977.

The Commission agrees to surrender its first charge over the assets (moveable and immovable) of the above institution in favour of the Banks.

The final decision to accept or reject any loan application from eligible borrowers will vest with the banks. However, in case the banks reject some applications they may indicate to the Commission/the State Boards the reasons for rejecting the loan application.

The Commission will have no liability of any kind either in respect of the principal amount of loan or payment of 4 per cent or revised rate of interest to be borne by the borrowers for which interest subsidy eligibility certificate has been issued by the Commission. Its liability shall be restricted only to the extent of payment of interest subsidy as per scheme.

The Commission would be liable to pay interest subsidy as per the scheme only for the period for which the loan is sanctioned by the bank and is not liable to pay such interest subsidy for the defaulted period.

This is issued for the year

To,

G.E.O., Khadi and V.I. Board/KVIC
Bank

(Name & Address)

No.__________________________ Date__________________________

To:

(Address of the State Office/State Board/Institution/Co-operative Society)

Sub:- Advice about payment of

Sub:- Advice about payment of

loan of Rs.__________________________ to__________________________

for__________________________ under the Interest Subsidy Scheme of the KVIC,

Ref: Your Interest subsidy Eligibility Certificate No.__________________________

Date__________________________

Sir,

With reference to your above mentioned Interest Subsidy Eligibility Certificate,

I am to advise you that our bank has sanctioned/disbursed a loan for Rs.__________________________ to__________________________ for__________________________ on__________________________ (Date).

The loan carries an interest at__________________________% and is repayable in__________________________

Yours faithfully,

(_______)

Agent / Manager
Bank

Copy to: The Director (Bank Finance)
Khadi and V. I. Commission,
BOMBAY- 400056,
Brief on Aam Aadmi Bima Yojana (erstwhile Janashree Bima Yojana) (AABY)

Khadi & Village Industries Commission in association with Life Insurance Corporation of India launched (w.e.f. 6th Aug, 2003 on the eve of Independence Day) a Group Insurance Scheme for self-employed Khadi artisans viz "Khadi Karigar Janashree Bima Yojana (JBY)".

2. The Scheme covers all the spinners, weavers, pre-spinning artisans and post-weaving artisans engaged in Khadi activity, associated with Khadi institutions (NGOs) throughout the country. The scheme is applicable to the artisans in the age group between 18 years to 59 years.

3. The annual premium per artisan under JBY is shared as under:

<table>
<thead>
<tr>
<th>Share Borne by</th>
<th>Amount of Annual Premium (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan</td>
<td>12.50</td>
</tr>
<tr>
<td>Social Security Fund of Govt. of India</td>
<td>50.00</td>
</tr>
<tr>
<td>KVIC</td>
<td>12.50</td>
</tr>
<tr>
<td>Khadi institution concerned</td>
<td>25.00</td>
</tr>
<tr>
<td>Total Premium</td>
<td>100.00</td>
</tr>
</tbody>
</table>

4. The compensation and/or benefits offered to the artisans/nominees/ward are:

<table>
<thead>
<tr>
<th>Cause of Claim</th>
<th>Amount Insured (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Death</td>
<td>30,000</td>
</tr>
<tr>
<td>Accidental Death</td>
<td>75,000</td>
</tr>
<tr>
<td>Permanent disability</td>
<td>75,000</td>
</tr>
<tr>
<td>Partial permanent disability</td>
<td>37,500</td>
</tr>
</tbody>
</table>

In addition to the above, LIC is also extending scholarship under “Shiksha Sahayog Yojana” for maximum two children of the artisans studying from XI to XII and ITI @ Rs. 300/- per quarter without any additional premium.

5. Initially, it was proposed to include health insurance component in the JBY Scheme. However, it was later decided that for health insurance component the beneficiaries were planned to be migrated to Rashtriya Swasthaya Bima Yojana (RSBY) of M/o Labour & Employment. However, the scheme has further migrated to Prime Minister’s Jeevan Jyoti Bima Yojana (PMJJBY) & Prime Minister’s Suraksha Bima Yojana (PMSBY) under Department of Financial Services, Ministry of Finance.

6. Post migration, the annual premium amount of Rs.342/- [Rs.330/- + Rs.12/-] for both PMJJBY & PMSBY per artisan is shared in the following manner:
<table>
<thead>
<tr>
<th>Share Borne by</th>
<th>Amount of Annual Premium (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KVIC</td>
<td>60.50</td>
</tr>
<tr>
<td>Artisans</td>
<td>60.50</td>
</tr>
<tr>
<td>Khadi Institution</td>
<td>121.00</td>
</tr>
<tr>
<td>Shiksha Sahyog Fund (SSF) by LIC</td>
<td>100.00</td>
</tr>
</tbody>
</table>

7. The scheme was permitted to continue with JBY/AABY in its present form for the artisans within the age band of 51-59 years.
**Workshed Scheme**

Workshed Scheme for Khadi Artisans is being implemented by Khadi and Village Industries Commission (KVIC) since 2008-09 for providing financial assistance to khadi artisans belonging to BPL Category for construction of worksheds. The objective of the scheme is to provide better workplace for spinners and weavers, providing more working space and storage for housing slivers, raw materials, implements, etc. and improving efficiency and productivity of the spinners through electricity connections for lighting.


3. Financial assistance is provided to those Khadi artisans who belong to BPL category. Assistance for construction of worksheds is provided through the Khadi institutions with which these Khadi artisans are associated and the quantum of assistance was as under:

4. The issue of enhancing the cost of subsidy and waiving of BPL condition was discussed in the meeting of Expenditure Finance Committee held under the Chairmanship of Secretary (MSME) on 17 & 22 September, 2014.

**Modified quantum of assistance of workshed** is as under:

<table>
<thead>
<tr>
<th>Component</th>
<th>Area per unit</th>
<th>Amount of Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of individual workshed</td>
<td>20 sq. mts. (approximately)</td>
<td>Rs.60,000/- or 75% of the actual cost of the workshed, whichever is less.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For North Eastern Region (NER) Rs.60,000/- or 90% of the actual cost of workshed, whichever is less.</td>
</tr>
<tr>
<td>Construction of group workshed (min. 5 artisans and max. 15 artisans)</td>
<td>10 sq. mts. per artisan</td>
<td>Rs.40,000/- or 75% of the actual cost of the workshed per artisan, whichever is less.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For NER Rs.40,000/- or 90% of the actual cost of workshed per artisan, whichever is less.</td>
</tr>
</tbody>
</table>

# Cost of land will not be part of the project cost
# Financial assistance will be for the purpose of construction only
# Remaining 25% is to be borne by beneficiary and for group by institution.

(i) In the states where BPL card is being issued, they should be covered under the scheme. Where BPL cards are not being issued at present, identification of poor artisans may be made in a transparent and open process. The benefits of the scheme would be made available to only those artisans who work for at least 100 days in a year.
(ii) Only those beneficiaries are given assistance under this scheme who are not availing benefit of similar schemes being implemented by any other Departments/Ministries or State Government.

(iii) All State/Divisional Directors will furnish a soft copy of names of all beneficiaries who had benefited under Workshed Scheme for Khadi Artisans during the year 2008-09 to 2014-15 and onwards through e-mail and in a CD through post to Director KC&NS to upload the same on KVIC website.

5. All State/Divisional Directors are requested to transmit the decision to all institutions associated with them and arrange to collect proposal from Khadi artisans so as to achieve the assigned target.

6. The extant guidelines issued vide Circular No. DKC&NS/WSKA/Policy/401/2011-12 dated 07/13-12-2011 with the minor modification issued in October 2014 continues to be the guideline for the Workshed Scheme.
Guidelines for strengthening of infrastructure of existing weak khadi institutions and assistance for marketing infrastructure

1. THE SCHEME

1.1 The scheme provides assistance in terms of finance for the sick/problematic khadi institutions particularly in "D" category, whose production, sales and employment have been declining due to inefficiency in performance, accumulation of dead stock, eventually leading them into a debt trap and non-payment of wages & statutory requirements like P.F. etc.

1.2 In order to meet the need-based support of the Khadi sector to nurse some of the sick institutions which otherwise have potential to attain normalcy and support creation of marketing infrastructure in other identified outlets, a scheme namely Strengthening of Infrastructure of Existing weak Khadi Institutions and assistance for Marketing Infrastructure has been formulated to make support to Khadi activity comprehensive. The expected outcome of the scheme is higher level of production, sales and employment along with the increased level of earning and employment in khadi production.

2. OBJECTIVES

The objectives of this scheme are as given below:

(i) Assist identified weak khadi institutions (sick/problematic and "D" category) so as to enable these institutions regain their status and revive their potential for employment generation.

(ii) Make an effort to overcome the existing “near stagnation” stage of the sector by strengthening the khadi institutional base.

(iii) Bring in a transformation in the khadi sector and re-affirm its significance as a sustainable employment provider for rural artisans.

(iv) Open up avenues of enhanced employment to rural artisans, majority of whom belong to Below Poverty Line (BPL) category and to help the rural artisans by providing them employment opportunities through khadi production programme.

(v) Improve marketing of khadi products through development of marketing infrastructure, including renovation of selected sales outlets of khadi institutions, on a limited basis.
3. TARGET BENEFICIARIES

The scheme shall primarily target the following institutions for increasing the earning potential of rural artisans from khadi activities:

(i) Up to 100 weak khadi institutions ("D" category or sick/problematic) affiliated to KVIC/State Khadi and village Industries Board (KVIBs) identified by KVIC having requisite production infrastructure and willingness to work wholeheartedly with zeal so as to improve the condition of the institution by running it effectively.

(ii) Identified Departmental outlets of KVIC and retail sales outlets of State/Union Territory Khadi and Village Industries Board (KVIBs) and institutions, for improving their turnover by improving their marketing infrastructure through financial assistance. The number of sales outlets for providing assistance for marketing infrastructure during XI Plan period shall be as follows:

4. SELECTION CRITERIA

4.1. Strengthening of infrastructure of existing weak Khadi institutions

The criteria for the selection of institutions for assistance under the scheme will be as follows:

(i) Institutions having adequate infrastructure as mentioned in the datasheet (selection criteria) given in Annex-A.

(ii) Institutions which have submitted an Action Plan, clearly showing ways and means for revitalization of its activities which have been recommended by Standing Performance Monitoring Committee (SPMC);

(iii) Institutions which have made necessary changes in the Managing Committee by nominating a capable person as its Secretary and his/her credentials have been examined and assented to by SPMC;

(iv) Institutions which have made arrangements for further requirement of working capital from bank(s).

(v) Institutions which have negotiated a working partnership with the neighboring better performing institutions;

(vi) Institutions which have made a commitment to take up other supporting schemes of KVIC viz., SFURTI, S&T etc., and deliver desired results as envisaged in these schemes; and
(vii) Institutions which have submitted clear assurance to observe financial discipline as prescribed by the financing agency i.e. KVIC, bank etc.

4.2 Assistance for marketing infrastructure

The criteria for selection of ‘retail sales outlets’ of other institutions for renovation will be as follows:

(i) The institution should be registered and financed by KVIC or State/UT KVI Boards belonging to A+/A/B/C category as per the norms enunciated by the KVIC and involved in marketing activities of khadi products.

(ii) The institution should have valid certificate for khadi and polyvastra.

Also, the institutions desirous of receiving assistance under the scheme have to furnish an undertaking clearly giving commitment for its own contribution in advance (25% of the project cost with a ceiling of Rs. 6.25 lakh; 10% in case of NER). Such institutions have also to furnish a letter of commitment to achieve at least 20% annual increase in retail sales after renovation with a minimum sale of Rs. 1 lakh in the first year immediately succeeding renovation.

5. QUANTUM AND NATURE OF FINANCIAL ASSISTANCE FOR STRENGTHENING OF INFRASTRUCTURE OF EXISTING WEAK KHADI INSTITUTIONS:

The item-wise project cost per institution for weak (sick, problematic and “D” category) institutions under the scheme will be as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Component</th>
<th>Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>I)</td>
<td>Preliminary and pre-operative expenditure</td>
<td>Rs. 0.25 lakh</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Conducting feasibility study, preparation of an action plan and other incidental charges</td>
<td>Rs. 0.25 lakh</td>
<td></td>
</tr>
<tr>
<td>II)</td>
<td>Capital Expenditure</td>
<td>Rs. 3.50 lakh</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Repairs and overhauling of implements and purchase of accessories and equipments</td>
<td>Rs. 0.50 lakh</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Procurement of new implements – (Charkha &amp; Loom)</td>
<td>Rs. 2.00 lakh</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Repair of work shed/office/godown/sales outlets including furniture fixtures to make them functional</td>
<td>Rs. 1.00 lakh</td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>Working fund</td>
<td>Rs. 6.15 lakh</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Purchase of raw material</td>
<td>Rs. 1.50 lakh</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Payment to artisans</td>
<td>Rs. 2.40 lakh</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Other production overheads such as Supervision, sales Distribution Expenditure, Procession and fabric conversion</td>
<td>Rs. 1.00 lakh</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Payment of statutory dues such as P.F. etc., Payment of</td>
<td>Rs. 0.75 lakh</td>
<td></td>
</tr>
</tbody>
</table>
(ii) All costs mentioned above are indicative. Funds would be sanctioned against specific need-based action plan with the maximum ceiling of assistance to the extent of Rs. 10.00 lakh.

6. QUANTUM AND NATURE OF FINANCIAL ASSISTANCE FOR MARKETING INFRASTRUCTURE

6.1 The maximum acceptable project cost will be 20% of the average annual turnover of retail sales of the institution during last three years. Any addition in the project cost over the accepted limit will be the responsibility of the agency.

6.2 The institution's own contribution as proportion of the accepted project cost will be as follows:

| Departmental sales Outlets of KVIC | 15% of the project cost |
| Departmental Sales Outlets of State/UT Boards | 25% of the project cost |
| Institutions registered and financed by KVIC or State/UT KVI Boards |

--- Nil ---

The assistance under Marketing Infrastructure Scheme for the selected institutions will be as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Component</th>
<th>Funding Pattern</th>
<th>Govt. Grant</th>
<th>Institute’s Contr.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>Provision for engaging profession expert</td>
<td>Govt. Grant – 100%</td>
<td>25.00</td>
<td>0.00</td>
<td>25.00</td>
</tr>
<tr>
<td>TOTAL (I + II + III)</td>
<td>Rs. 9.90 lakh</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say Rs. 10.00 lakh</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Component</th>
<th>Funding Pattern</th>
<th>Govt. Grant</th>
<th>Institute’s Contr.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Departmental Sales Outlets of KVIC</td>
<td>Govt. Grant – 100%</td>
<td>25.00</td>
<td>0.00</td>
<td>25.00</td>
</tr>
<tr>
<td>b)</td>
<td>Departmental Sales Outlets of KVIBs</td>
<td>Govt. Grant – 85% Inst. Contr. – 15%</td>
<td>21.25</td>
<td>3.75</td>
<td>25.00</td>
</tr>
<tr>
<td>c)</td>
<td>Institutional sales outlets (Metro cities)</td>
<td>Govt. Grant – 75% Inst. Contr. – 25%</td>
<td>18.75</td>
<td>6.25</td>
<td>25.00</td>
</tr>
<tr>
<td>d)</td>
<td>Institutional outlets (Non-Metro cities)</td>
<td>Govt. Grant – 75% Inst. Contr. – 25%</td>
<td>15.00</td>
<td>5.00</td>
<td>20.00</td>
</tr>
</tbody>
</table>
7. SCHEME MANAGEMENT

7.1 The scheme Management arrangements are envisaged as follows:

(i) **Revitalization of Khadi Institutions – Sub-scheme**

(a) The selection of institutions for sanctioning revitalization package will be made by the Zonal committee of KVIC. Representatives of Ministry of MSME and Planning Commission will be associated with the Zonal Committees in the process of selecting of the institutions to be covered under the scheme. The institution selected for assistance under the scheme will be to sign a 'tripartite agreement' as mentioned in Annexure-B and shall have to abide by the same till it shows positive financial results for at least three consecutive years.

(b) The first component of the scheme for reviving a weak institution should start with a detailed study to be conducted, through a professional institute /agency, for ascertaining the reason behind their sickness. The institute/agency, would also suggest corrective action to be taken as per the findings/suggested recommendation of the study.

(c) If the institution proposed to be extended assistance had borrowed funds from banks for khadi activities and these loans have not yet been fully repaid, consent of banks concerned for its revitalization may also be obtained, so that the banks may extend some concession to such institution during the process of revitalization.

(d) The State/Divisional Director will identify an Officer of KVIC (by name) preferably a Development Officer (Khadi/Asstt. Development Officer (Khadi) and assign him the task to act as a 'Nodal Officer' for implementation of the revitalization package in respect of each of the institutions or a group of institutions. The Nodal Officer will be responsible for the outcome of the assistance.

(e) While the rehabilitation package will be implemented in the identified institutions having potential for revival, the remaining institutions which are beyond revitalization should be wound up and action under section 19(B) of the KVIC Act, 1956 for recovery of dues should be initiated immediately. KVIC will furnish status report after appropriate action under section 19(b) of the KVIC Act, 1956 to the Ministry in their monthly report hereafter.

(f) The assisted institution will be tied up with a local major khadi institution of "A" or "A+" category for extending backward-forward linkages required to start production and sales activities. KVIC should explore opportunities for merger of weak institutions with successful khadi institutions so that the activities of the weak institutions can get strengthened by the financial and managerial strength of the major institutions.
(g) The impact of intervention extended to the institutions will be monitored and reviewed in KVIC i.e. at the State/Divisional Office level by the State/Divisional Directors, at Zonal level by the Dy. Chief Executive Officer of the zone and the Zonal Committee and at the central Office level by the Chief Executive Officer and the Commission. Detailed report about the outcome of the monitoring intervention will also be furnished to the Ministry every quarter, by KVIC.

(ii) Strengthening the Marketing Infrastructure of Khadi Institutions – Sub Scheme

(a) The sub scheme will aim at achieving higher sales in the assisted outlets/institutions so as to bring sustainability in the process of production in khadi sector and will emphasize on improving the usage of common logo, signage and as far as possible, the brands, sales of products of assured quality, improved shop ambience through better décor and display and functional improvement through computerization. A MoU will be signed between KVIC and the outlet concerned/institution, selected for the purpose, to this effect.

(b) For strengthening of marketing infrastructure of khadi institutions, selection of the sales outlets for assistance for renovation under the scheme will be done by Selection Committee comprising of (i) Chief Executive Officer, KVIC, (ii) Financial Advisor, KVIC, (iii) Director (Finance), KVIC, (iv) Director (Marketing), KVIC and (v) a professional Marketing Expert based on the recommendation of Zonal Committees of KVIC of the respective Zones on the basis of criteria mentioned.

(c) The Scheme will also be managed at the apex level by the Commission and detailed quarterly reports will be submitted to the Ministry appraising about the status of implementation of the scheme.

8. MONITORING & EVALUATION MECHANISM OF THE SCHEME

8.1 KVIC will monitor implementation of the schemes through its field level outfits and inform the same in the quarterly progress report, to be submitted to the Ministry. KVIC will also maintain the database of all the details of institutions receiving benefits of the scheme, which will be reviewed by KVIC every quarter.

8.2 The scheme will be evaluated through an independent reputed agency after two years of its commencement and will be continued in the subsequent plan period after its appraisal and review by competent authority.

8.3 The proformas for monitoring the physical and financial progress of scheme on a monthly and quarterly basis are enclosed.

9. OUTCOME

It is expected that the assisted “D” category institutions would move to “C” category and the health of sick/problematic institution would improve substantially as a result
of implementation of scheme, taking them out of the 'near-stagnation' state to a more vibrant functioning.

OUTLINE FOR SIGNING OF A TRIPARTITE AGREEMENT BY WEAK KHADI INSTITUTIONS DESIRIOUS OF TAKING REVIVAL PACKAGE UNDER THIS SCHEME

Implementation of Revival Package will be successful only if there is commitment from all the stakeholders primarily institutions and then the support agencies like KVIC and Banks from where the institutions have received bank Finance.

Following are institutions' duties/responsibilities of the participants/beneficiary institutions/Banks/KVIC/KVIBs:

1. The institution will place an efficient person to work as Secretary. If the present incumbent is not proficient enough to carry out the reactivation work, the development Officer or Asstt. Development Officer, under the guidance of State/Divisional Director, will arrange to nominate an efficient person as Secretary.

2. In order to make the process of reactivation plausible, absolute support from artisans and workers of the institution is required. The institution will make all artisans and workers as members of its general body. The artisans as well as workers will have to swear to work for the benefit of the institution and will not indulge in any sort of activity which may lead to disruption of work till the process of turnaround is complete, which will be reasonably evidenced by achievement of positive financial results for three consecutive years.

3. The institution will observe financial austerity measures restricting all avoidable expenditure. The institution should make significant reduction in the establishment and miscellaneous expenditure. At the same time, workers will have to abide by the norms that their wages and salaries will be mutually negotiable so that there may not be any extra financial burden on the institution.

4. The institution will assign specific realistic target for the performance of all staff members, who shall strive to achieve these. If they fail to do so, the institution may disengage them assigning proper reason.

5. The operation of accounts maintained by the institution should be watched very closely and all sale proceeds must be deposited in the bank. If the institution received bank finance under ISEC, deposits should be routed through Cash Credit Account only. The financing bank under ISEC scheme will also ensure need-based capital funding to the institutions extending possible relief measures available under the Banking norms for reactivation of the institution.

6. Recovery of working capital and capital expenditure loan would be deferred for at least three (3) years by the concerned bank.
7. State/Divisional Directors may release sliver/roving against dues of the Commission and help the institution to recover fund from its debtors.

8. The institution will participate in the exhibitions organized by KVIC wherever possible. State/Divisional Directors will also ensure that the institutions receive preferential treatment to take part in the exhibitions and showcase their products.

*****
**GRAMODYOG VIKAS YOJANA**

**Village Industries:**

Introduction:

Village Industries have the unique capacity of providing employment opportunities at low capital investment with utilization of skills and resources available in the villages. Development of Village Industries ensures the revival of traditional and indigenous skills of artisans, which in turn would increase the GDP of the nation and also arrest migration of artisans to other business activities.

Village Industries play a vital role in rural development. However, the basic difficulties noticed for lack of significant progress of village industries since inception are mainly due to lack of advanced skill development program, non-dissemination of R&D for setting up the pilot projects, not using the services of Centres of Excellence to boost technological know-how to the artisans, non-adoption of modern and automated equipment and machineries, non-standardization of the product, product design development, branding and market promotion.

In order to overcome the above-mentioned difficulties within the approved scheme of Gramodyog Vikas Yojana, the following village industry verticals, having potential for substantial employment generation, have been chosen. As far as the R&D work is concerned in KVI Sector, there is renewed focus on strengthening the existing Multi-Disciplinary Training Centres (MDTCs) along with technical tie-ups with Centres of Excellence on different verticals. The village industries verticals which have been considered in the Gramodyog Vikas Yojana (GVY) cover the following:

I. **Agro Based & Food Processing Industry:**
   - Village Oil Industry
   - Aromatic Oil
   - Honey & Beekeeping
   - Palm Gur and other Palm Products.
   - Fruit & Vegetable Processing Industry
   - Pulses and Cereals.
   - Spices and Condiments.
   - Gur & Khandsari
   - Collection of Minor Forest Produce.
   - Bamboo, Cane & Reed
   - Organic Dyeing
   - Medicinal Plant

II. **Mineral Based Industry:**
   - Hand-made Pottery, Glazed & Ceramic Pottery, Pottery as Home Décor, Pottery for food industry
   - Stone Cutting & Polishing.
   - Ceramic Tiles
Granite cutting, Polishing, Stone Carvings, Sculptures. Etc.
Brass metal and other metals Crafts.

III. Wellness & Cosmetics Industry:
- Wellness & Cosmetics including Soap & Oil Industry
- Aromatic Oils & fragrances.
- Cosmetic and beauty products.
- Hair Oils and Shampoos. Toiletries.
- Bathing Soap

IV. Handmade Paper, Leather & Plastic Industry:
- Handmade Paper and paper Products.
- Paper Conversion.
- Leather Industry
- Plastic Industry
- Natural Fibre other than Coir.

V. Rural Engineering & New Technology Industry (RENTI):
- Bio-Gas, Non-Conventional Energy, Bio – Manure, Vermi-compost,
- Carpentry & Black-smithy
- Agri Implements & Tools
- Electric & Electronic Products Industry.
- Dry Dairy
- Manufacturing of household metal utensils & articles.

VI. Service Industry:
- Small Business
- Maintenance and Servicing of electrical and electronic goods.
- Farm Aggregators (Pre & Post Farming)

Scheme at a glance:
A. The Proposed Interventions under specific verticals are as follows:

Technical:
i. It is proposed to establish pilot projects under the identified vertical-specific Industries.
ii. Appropriate coordination will be made with CSIR Institutions and various other Research and Development Academic Institutes, so as to identify innovative and commercially viable projects for Transfer of Technology.
iii. Successful Research and Developments already undertaken under S & T of KVIC will also be part of the above initiative.
iv. Convergence with these organizations will be made to buy or jointly promote these new technologies.
v. The Project will be used as a model for providing Training to Prospective Entrepreneurs, and similar units will be established by the Prospective beneficiaries and hand holding will be done by KVIC.

vi. These Pilot Projects will be implemented in the premises of departmental and non-departmental training centers and at Directly-aided Institutions, across the country, which are having its own land and other infrastructure facilities.

vii. Incubation services will be provided in the proposed Pilot Projects.

viii. Village industries having the strength of "traditional heritage and indigenous skill" will be imparted appropriate advanced skills and familiarized to technology interventions.

ix. These will have a business model that will be innovative, less capital intensive, adaptable to change and diversification.

x. Utilizing effectively the local resources in terms of availability of Raw Materials, Skill, Market etc.

xi. Effective identification and utilization of Import Substitution and employment oriented projects/units will be prioritized.

xii. Centers of Excellence will be established for replication of such successful business models for emulation by others.

xiii. New Market segments like Retail Chain Stores, E-Commerce, B2C and B2B and other direct marketing solutions such as exclusive outlets, shop in shops etc., will be introduced for Village Industries Products at the Marketing front.

xiv. Point of Sale Promotional Schemes will be introduced in association with Professional Marketing Consultants empanelled by KVIC.

B. Physical & Financial:

i. The Proposed Projects will be in the range of Rs.2 Lakh to 20.00 Lakh on an average per Project.

ii. Multiple Pilot Projects will be established comprising all the verticals.

Mode of Implementation

A. Research & Development and Product Innovation:

R & D’s support would be given to the institutions that intend to carry product development, new innovations, design development, product diversification processes etc. Engaging professionals and research/scientific institutions may help carry out the product design development. Even the existing product may be standardized and the quality control mechanism may be adopted. In all, with the support of R&D, the institution would be benefited to bring their product range in new shape and design. Promotion of Product Development through specialized institutions/agencies will be carried out to provide inputs for potential Village Industry based enterprises and clusters under SFURTI.
For execution of GVY, the following will be as under:

i) **Utilization of the services of Centres of Excellence:**

The Centres of Excellence which are presently working on different verticals of the economy in the country will be tied up for developing the Village Industries under each dedicated vertical keeping in view the infrastructure available, the technical expertise, the technology, data bank etc. Each Centre of Excellence will be given responsibility for identification of the areas in each village industries sub-sector, where the design development, product innovation and advanced skill development training programs are to be developed. This is to be ensured by framing curriculum, making available resource persons/experts, evaluation of the skill development training programs, their enrooting and transmission of technology in setting up micro units by the proposed artisans, so that they may be able to produce value added products and as per market trend so as to increase their earnings. The Centers of Excellence, which are presently working in different sectors as mentioned below, will be made use of for development of these village industries:

<table>
<thead>
<tr>
<th>Centres of Excellence- Village Industry</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Central Glass &amp; Ceramic Research Institution</td>
<td>Khurja</td>
</tr>
<tr>
<td>2</td>
<td>Central Village Pottery training Institute</td>
<td>Khanapur, Belagum</td>
</tr>
<tr>
<td>3</td>
<td>Central Food Technological Research Institution</td>
<td>Mysuru</td>
</tr>
<tr>
<td>4</td>
<td>Central Leather Research Institution</td>
<td>Chennai</td>
</tr>
<tr>
<td>5</td>
<td>Central Bee-Keeping Research &amp; Technology Research Institution</td>
<td>Pune</td>
</tr>
<tr>
<td>6</td>
<td>Central Palm &amp; Palm Products Institution</td>
<td>Chennai</td>
</tr>
<tr>
<td>7</td>
<td>Indian Institution of Food Processing Technology</td>
<td>Thanjavur</td>
</tr>
<tr>
<td>8</td>
<td>Indian Plywood Research &amp; Training Institute</td>
<td>Bangalore</td>
</tr>
<tr>
<td>No</td>
<td>Institution Name</td>
<td>Location</td>
</tr>
<tr>
<td>----</td>
<td>-------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>9</td>
<td>North East Centre For Technology Application &amp; Reach</td>
<td>Shillong</td>
</tr>
<tr>
<td>10</td>
<td>Fragrance &amp; Flavours Development Centre</td>
<td>Kannaaj</td>
</tr>
<tr>
<td>11</td>
<td>National Institute of Rural Development</td>
<td>Hyderabad</td>
</tr>
<tr>
<td>12</td>
<td>Centre for Foot Wear Training Institute</td>
<td>Agra</td>
</tr>
<tr>
<td>13</td>
<td>Kumarappa National Hand Made Paper Institution</td>
<td>Jaipur</td>
</tr>
<tr>
<td>14</td>
<td>Central Pulp &amp; Paper Research Institute (CPPRI)</td>
<td>Himmat Nagar, Saharanpur</td>
</tr>
</tbody>
</table>

**ii) Pilot Projects:**

Pilot projects will be set up on the basis of the R & D work done through technical interface such as IITs/Engineering Colleges/Technical Institutes at village industry institutions enlisted with KVIC, and Khadi institutions that are engaged in implementation of Village Industry programs. The pilot project will be supported with suitable machines and equipment, and its monitoring and evaluation will be carried out by respective State/Divisional Directors of KVIC in association with the Centre of Arts of Excellence. After successful implementation of the project, advanced training will be arranged benefitting the artisans to set up micro and small units.

**iii) Operational Guidelines:**

The operational guidelines will be designed, as per the need of the activity, by each Program Industry Director after obtaining approval from the Competent Authorities. These will cover identification of artisans, the mechanism of utilizing the services of art of excellence, monitoring and Coordination and utilization of the funds as per the existing General Financial Guidelines.

1. Identification/selection of artisans and SHGs to be benefitted.
2. Pattern of advanced training.
3. Identification of tools and equipment to be provided industry, vertical wise with cost details.
4. Pilot projects to be developed.
5. Role of Khadi Institutions, who will take up the pilot projects.
6. Model projects for industry, vertical wise, for setting up of micro and small units through PMEGP/MUDRA or any other financial assistance of Central/State Government schemes.
7. Pattern of workshops and seminars to be conducted in the area of marketing, branding, packaging, standardization and quality control.

iv) **Workshops and Seminars:**

Workshops, seminars and awareness camps will be organized for the benefit of artisans and unemployed rural youth so that they may become aware of the details of the schemes/programs to be covered under each village industry vertical and take advantage of Gramodyog Vikas Yojana.

v) **Evaluation:**

The scheme evaluation will be carried out by institutions, which will be selected by KVIC through EOI or through the empanelled institutions identified for evaluation by Ministry of MSME.

E. **Activities of dedicated verticals:**

The activities of existing dedicated verticals of 'Village Industry' have been rejigged to bring in rationalization, alignment and new age activities in the said verticals. These specific verticals would work as 'Centres of Excellence'. They would prepare model projects with costs for respective product-lines under village industries, would create an eco-system for incubation of village industries and reach out to the market in a structured and organized way. They would also create an 'Idea Bank' consisting of various verticals of Village Industry.

The following action plan has been proposed for implementation of GVY in the year 2019-20:

1. **Agro Based and Food Processing Industry:**

The village industries which have been covered under the Agro based food processing industry will take up the following activities benefitting both artisans and rural entrepreneurs.

i) Bee boxes with colonies will be distributed to trained bee keepers@ 10 bee boxes per bee keeper as per the existing guidelines of bee keeping to 1225 bee keepers/trained candidates.

ii) Eleven bee nurseries will be set up with 100 colonies basic stock. The initiative propagates crop pollination and product development in other
Honey Products like Bee pollen, Bee venom, Royal Jelly, Bee propolis, which is having high value.

iii) Five honey processing plants will be set up.
iv) Brand building assistance for honey and other products will be explored by engaging FASSAI Department by setting up lab for this purpose.
v) SHGs will be trained to develop skills of handling bees and maintenance of bee colonies with a provision of Rs.35,000/- per batch consisting of 25 candidates each.
vi) The big size double bee box with Apis Mellifera Species will provide 20-25 kg honey per box costing Rs.160/- per kg. Whereas, the small size bee box with Apis Cerena will provide 15-20 kg honey per box with costing of Rs.160/- per kg.
vii) Palm gur pilot projects for preservation of NEERA, gud making, Nolen gud will be set up in the States of Tamil Nadu, Orissa, West Bengal, Maharashtra and Andhra Pradesh.
viii) Mapping of palmyra and date palm trees will be planned through remote sensing technology.
ix) Distribution of tree climbing devices to 1000 tappers.
x) Two portable power ghani with filter and packing machine, five units in each state in 30 states will be set up with provision of Rs. 5 lakh per unit under Village Oil industry.
xi) Mooringa pilot projects for Southern states, Bihar & UP will be set up.

In the year 2019-20, against the fund provision of Rs. 50.00 Crore under Agro based food industry, the following break up is earmarked for developing various village industries that were indicated above from (i) to(xiii).

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Particulars</th>
<th>Funds (Rs.in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bee keeping</td>
<td>30</td>
</tr>
<tr>
<td>2.</td>
<td>Agro based processing industries</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>
2. Handmade paper industry:

i) Under S&T, R&D in handmade paper making is being carried out for the last two years. Considering this as a part of dissemination of technology, 20 pilot projects will be set up each costing Rs. 50 lakh.

ii) Paper conversion industry is an upcoming and potential activity. Under Handmade paper industry, advanced skill development activities will be carried out by engaging NID, NIP and NIFT.

iii) Strengthening of Kumarappa National Handmade Paper institute will be taken up.

iv) Zonal-level Buyer Seller meet and Handmade paper exhibitions will be organized.

v) Zone-wise artisan empowerment by imparting one-month advanced skill development program in leather crafts and arts will be organized through SHGs. Tool kits and sewing machines will be provided to the traditional artisans within the package of skill development training program. Distribution of equipment and tools will be done @ Rs. 75 lakh per Zone and in six zones. Thus, 2400 traditional artisans will be covered under leather industry.

vi) Skill Development Training Programs will be organized for SHGs and tribal women in paper bag making, paper mashie and paper conversion.

vii) Support will be given in the form of machines and tools to set up micro units of paper bags and paper mashie, each valued at Rs.5.00 lakh, to those who acquire skills in paper conversion. Paper conversion valued at Rs.7.50 lakh will also be supported. SHGs will have to organize working capital through nationalized banks and RRBs.

viii) Mini pilot project will be set up for rejuvenating the art and craft of Kolhapuri Chappals at Athni leather training centre of KVIC in Karnataka State.

Impact:

a) Paper Bag Unit will provide direct employment to 6 persons and indirect employment to 4 persons within each SHG.

b) Paper conversion unit will provide direct employment to 8 persons and indirect employment to 2 persons.

c) Paper mashie unit will provide direct employment to 5 persons and indirect employment to 5 persons.

d) The SHGs will be supported with industry skill training programme and by provision of machines and equipment.

e) In the paper bag, the earning will range from Rs.250/- to Rs.300/- per day per person.
f) In the paper conversion unit, the earning per day per person will range from Rs.300/- to Rs.450/- depending upon the products manufactured, which are envelopes, file covers, cadac, lamp shades, stationary items, wedding cards, paper jewellery etc.

g) In the paper mashie unit, the earning will be around Rs.400/- per day.

Under Handmade paper and leather industry verticals, the following break up of funds is earmarked as per the action plan for the year 2019-20 as per the items from (i) to (viii)

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Particulars</th>
<th>Funds (Rs.in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Handmade paper</td>
<td>20</td>
</tr>
<tr>
<td>2.</td>
<td>Leather industry</td>
<td>05</td>
</tr>
<tr>
<td>3.</td>
<td>Plastic industry</td>
<td>05</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30</td>
</tr>
</tbody>
</table>

3. **Pottery Industry:**

(i) Pottery activity is a traditional art and craft with segment of terracotta and white ware pottery (bone china). The potters’ pockets having traditional skill in black pottery, blue pottery and specially terracotta would be the base for restoring the art and craft of traditional potters.

(ii) The involvement of professional designers and experts will enable to bring out new design products, both in the area of utility and artistic decorative items.

(iii) Skill up-gradation activity will be initiated with the support of mechanized pottery wheels, blunger, pug mill and updraft kiln, so that by this composite scheme the potters will carry product design, development and product diversification.

(iv) For the development of red ware/terracotta industry, advanced skill development program for 60 master trainers will be organized.

(v) Under the Composite technology package, a set of 4 blungers, 4 pug mills and 20 electric potter wheels will be provided for a group of 20 artisans at 150 centers thus covering 3000 potters.

(vi) Under composite technology package on a solar power operated technology, solar blunger and solar kit potter wheels will be distributed for a group of 10 potters/artisans in 50 selected places in the country thus benefitting 500 potters.

(vii) Advanced skill Up-gradation training program at 206 centers will be imparted covering 4120 potters.
Infrastructure facilities will be developed at 4 Multi-disciplinary training centres of KVIC to organize vocational courses on red clay pottery.

Impact:

(a) It is planned to assist 1040 artisans in ‘wheel pottery’ and 80 artisans in ‘press pottery’.

(b) 50 new groups of potters consisting of 5 potters in a group will be supported with a provision of Rs.4.50 lakh in the form of tools and equipment after acquiring adequate skills in the line.

(c) Specialized Pottery items: 400 groups, each of 5-10 potters, will be supported with additional blunger, pug mill, pottery wheel, product design, development etc. valued at Rs.2.70 lakh in the form of tools and equipment.

(d) Total of 2250 potter groups, including specialized potter groups, will be benefitting 11,250 potters approximately.

As per the above, 8559 artisans will be benefitted in the red clay terracotta development as per items from (i) to (vi) with the funds earmarked to the tune of Rs. 27.00 crore under pottery industry for the year 2019-20.

4. Cosmetic and Wellness industry:

The cosmetics and wellness industry is an upcoming industry and, therefore, the following is proposed by utilizing the local resources and the skills:

i) Cow-based Panchagavya products will be covered under Cosmetics and Wellness industry for which advanced training will be provided to SHGs.

ii) Under S&T, R&D work related to cosmetic and wellness industry will be done through interface with IITs, renowned Engineering and Technical institutions. Setting up zone-wise pilot projects will be considered.

iii) Herbal cosmetic products will be developed based on the forest herbal plantations in the area of Kerala, Jharkhand, Maharashtra, Tamil Nadu, Karnataka and Orissa. Advanced skill development training programs will be organized for setting up Cosmetics and Wellness therapy units through SHGs.

iv) The above-mentioned activities will be covered under Cosmetics and Wellness industry with a provision of Rs. 30 crore for the year 2019-20.

5. Rural Engineering and New Technology Industry:

(i) Bio-gas Development Program is one of the premier activities under Rural Engineering and New Technology Industry.

(ii) KVIC has designed a model popularly known as ‘drum model’ (Floating Model), which is popular amongst the farmers.

(iii) A cost-effective model, ‘Deen Bandhu Model’ has been promoted in this sector.
(iv) The Bio-gas Development Program assures sustainable employment in rural areas and is also a rich source of organic manure i.e. bio gas slurry.

(v) KVIC also promotes vermi-composting, and 400 – 500 such units will be set up in the country under REGP/PMEGP.

(vi) The existing technical staff/cadre and a separate directorate enabled implementation of the programme successfully.

Impact:

(a) For execution of the program, a network of 'Rural Energy Technicians' has been created.

(b) Implementation of bio-gas program reduced drudgery, saved conventional fossil fuel and restored eco-balance.

(c) Bio-gas would be a progressive model for generating energy and enriched manure so that it has direct impact on developing organic farming.

(d) Proposed to set up 75 such 'composite units' consisting of at least 50 bio gas plants, vermin composting units etc.

(e) Biogas development programme would be one of the main sources for promotion of rural sanitation under Swachhata Abhiyan.

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