

## **KHADI AND VILLAGE INDUSTRIES COMMISSION**

**(Ministry of MSME )**

### **OPERATIONAL GUIDELINES FOR THE PILOT PROJECTS OF AGARBATTI INDUSTRY UNDER POLYMER AND CHEMICAL BASED INDUSTRY(PCBI ) VERTICAL OF GRAMODYOG VIKAS YOJANA(GVY)**

#### **1. Preamble**

Agarbatti making is a traditional industry in India with a size of around Rs. 7500 crore annual production with involvement of about 5 lakh people and export of about Rs. 750 crores. Based on the interaction with industry on 20th August 2020, it came out that, today the industry is facing problem in the area of raw materials like saw dust, charcoal powder, Joss powder etc because of increase in Agarbatti production in last one year. In addition there is also a problem with respect to bamboo sticks being used for Agarbatti making. While these raw materials may not constitute major cost towards making of Agarbatti (about 20% by these raw materials) but their indigenous production will provide good opportunity to create more jobs and also to assure regular supply of raw materials at reasonable rates. This, in the long term, will help keep the price of finished goods reasonably stable. Other important area to look into, includes inputs on 'fragrance' and the machines manufacturing capability in the country for making Agarbatti. India is strong in the 'fragrance' portion but needs to develop strength in machine making which is largely imported, presently. Accordingly a holistic approach is required to strengthen this traditional industry so as to sustain the present growth rate of about 10%, and to capture more and more export markets.

The major components of this holistic approach will be to address issues of

- i) Continuous support to artisans through training, financing etc. ;
- ii) Supply of raw material like saw dust, charcoal powder, Joss powder( a forest produce) ;
- ii) Increased supply of bamboo sticks through appropriate bamboo cultivation ;

iv) Ensure continuous innovation in the fragrance & packaging area to ensue variety and quality at reasonable rates and to explore usage of new/ alternate raw materials like re-usable flowers, coir etc. ;

v) Strengthen the machine manufacturing capability in the country at a competitive cost ; and

vi) To achieve self-sufficiency in all aspects of this product.

## **2. Present scenario of Agarbatti production :**

2.1 India is one of the largest Agarbatti( incense sticks) producing countries which has captured both domestic and foreign market. India has a leadership position in Agarbatti production and fulfils more than half of the world's incense sticks requirements. As on date, around 90 Agarbattis are widely used not only in India but also in 90 different foreign countries across the globe.

2.2 India has got good opportunities to attain growth of this Agarbatti industry in real terms. Further, gaps have reduced to some extent as lots of manufacturers are coming up now with the support of MSME. Main challenges in this Agarbatti industry is raw material, mainly Charcoal, Joss Powder etc. Indian Agarbatti has a number of opportunities such as (i) large export market potential (ii) scope for innovations and R&D, (iii) further expansion of domestic market and iv) to provide newer and alternate raw materials at better prices. For this purpose, a pilot project in the name of Khadi Agarbatti pilot project is being launched by the Ministry of MSME.

## **3. Objectives of Khadi Agarbatti pilot project**

The objectives of the Khadi Agarbatti pilot project are the following:

- to increase the local production capacity of Agarbatti in order to build self – sufficiency in the country.
- to train and distribute the Agarbatti making machines to the selected artisans to create sustainable employment.
- to upgrade the earning capacity of artisans involved in the hand rolled Agarbatti making by providing pedal operated machines and to increase the production of Agarbatti manufactured by Khadi institutions.

- to provide automatic Agarbatti machines to SHGs or similar groups and entities for making them entrepreneurs and to make tie-up with the successful Agarbatti manufacturers for support including supply of raw materials with buy back arrangement of final products.
- to provide on the job skill development training to all the selected artisans through trained Master trainers in FFDC.
- to tie up with the professional institutes like IITs, FFDC, Kannauj, MGIRI Wardha, MSMETC, VNIT, Nagpur, Indian Institute of Packaging etc for technology intervention in the machines, alternate raw material, packaging, etc.

#### **4 BAMBOO : a major issue of Agarbatti industry**

4.1 India has vast resources of Bamboo, despite this, it has to import bamboo sticks and other bamboo products like bamboo pulp etc. for making raw Agarbatti.

4.2 In the industry interaction on 20.08.20, this was flagged as a major problem in manufacturing of Agarbatti as India mostly imports round bamboo sticks from Vietnam and China. Among raw materials for manufacturing Agarbatti like Jigat powder, joss powder, saw dust etc. bamboo stick is one of the main constituents. The core of the Agarbatti is made of split, sliced and sized bamboo of two types:-

- i. Square section
- ii. Round section

4.3 Bamboo species like **Bambusa Tulda, Bambusa nutans, Bambusa balcooa and Bambusa bambos** are mostly used in preparation of Agarbatti sticks (both square and round types). Bambusa Tulda is the special Bamboo variety, mostly available in the North-east region and East coast which is the best suited for the Indian Agarbatti industry. For making it PAN India available, plantation of Bambusa Tulda needs to be made across the country, particularly in Agarbatti manufacturing States.

4.4 To achieve self-sufficiency in Bamboo species like Bambusa Tulda, efforts need to be made in consultation with M/o Agriculture by using new techniques and technologies for its large scale plantation. Also, R & D activity need to be promoted to

ensure i) reduction in wastage while making Agarbatti sticks ii) and uses of square sticks etc.

## **5. ROLE OF KVIC IN DEVELOPMENT OF AGARBATTI SECTOR :**

KVIC, being pioneer in implementation of Village Industries(VI), has helped the rural VI units in the following forms:

- i. Loan and subsidy provided under pattern approach to individuals through State Khadi and V. I. Boards.
- ii. Subsidy & Loan in the form of consortium bank credit(CBC).
- iii. Margin Money grant in PMEGP.
- iv. Conducted awareness camps, training programmes through MDTCs and Non departmental training centres.
- v. Marketing support through 8050 sales outlets in the country.

There are a number of Agarbatti producing units of directly aided units of KVIC and in PMEGP scheme also, KVIC is assisting for setting up of units for producing and selling Agarbatti

Further, KVIC will support in the following interventions based on its Research and Development through the Centre of Excellences:

- i. In developing automatic Agarbatti machine.
- ii. Providing pedal operated machines to the artisans
- iii. Skill development training programme.
- iv. New inventions and interventions in production of carbon-neutral Agarbatti, raw material, machinery, packaging, carbon-neutral certification, etc.
- v. Quality control to meet the market standards.
- vi. R&D support for improvement in the efficiency of machines.
- vii. Strategy for supply chain tie up/forward linkages.

## **6. GENERAL GUIDELINES FOR SETTING UP PILOT-PROJECTS UNDER GVV for promotion and demonstration of Agarbatti production activity across the country under following categories:**

- i) Support to artisans developing hand rolled Agarbatti with Pedal operated Machines**
- ii) Support of Automatic Agarbatti machines to SHG/other similar groups**

**/ or groups as decided by the Commission**

**6.1. Common general guidelines for both the programs, as mentioned at para 6)-i) & ii) above :**

- i) The pilot projects will be implemented by KVIC or through directly aided institutions of KVIC/KVIB(Khadi/VI) in the States of Bihar, Uttar Pradesh, Orissa, Rajasthan, Maharashtra, Karnataka etc. Initially upto 10 Pilot projects will be set up, each with a maximum of 100 beneficiaries,& with a maximum of Rs. 20.00 lakhs' investment of KVIC per Pilot Project (as per GVV guidelines).
- ii) Numbers of beneficiaries will be initially 40 to 50 nos. in each state and after initial success of the experiment, it may be increased upto 100 nos. on same location or it will be replicated to another location based on the authentic data/studies with another group, upto 50 beneficiaries.
- iii) **Training:** KVIC will organize the basic skill development training to the artisans / SHG and other groups involved in the Agarbatti production to increase the production level and thereby enhance their income generation. In addition to ensure optimum utilization of the machine, the KVIC/ **selected Khadi /VI institution of KVIC or KVIB** shall organize training through trained professional or CoE, to the beneficiaries.
- iv) **Khadi /VI institution of KVIC or KVIB** will also help in creating market linkages.
- v) **Hand Holding:** KVIC shall provide the suitable Pedal-operated / Automatic Agarbatti making machines in a phased manner to such trained artisans/groups who can provide quality output as acceptable to buyers of Finished Product and artisan/ groups will pay his/her/ their own contribution as detailed further.
- vi) KVIC shall not only act as facilitator but will provide all necessary assistance and monitor to develop marketing linkages of finished products and supply of quality raw material, quality of produce and also support with necessary R&D support etc. In addition Tie-ups with near-by SFURTI clusters/other clusters will also be established by KVIC.
- vii) It will also work with artisans / beneficiary to assist them to take benefits under PMEGP/MUDRA Schemes of KVIC/ M/o MSME/GOI for expanding his/her activity.
- viii) **Maintaining data base:-**All Field Offices and Directorates of PCBI should have the details of beneficiaries assisted under 'Pilot project', with their detailed data uploaded on a portal(to be developed as GVV portal connected with PMEGP portal etc.)

- ix) Field offices should upload the monthly/quarterly report to Directorate of PCBI, KVIC, along with products, BFL linkages provided, No. of enterprises migrated to PMEGP units and the problems faced by them.
- x) KVIC to extend continuous R. & D. support.
- xi) Geo-tagging to be done for all the beneficiaries with respect to location of beneficiaries (If commercially viable, may be for machines as well).

## 6.2 **Selection of Khadi Institutions :**

The number of Khadi institutions per state will depend on the number of artisans associated with Khadi institutions.

State Director/Divisional Director as per the committee decided by KVIC, will select any one or more Khadi Institution from directly aided institutions of KVIC/KVIB.

## 6.3 **Selection of Beneficiaries in the pilot Project area :**

- i) The field offices to identify the beneficiaries by conducting the awareness camp/through advertisements as per the annual target allocated as per budget/action plan for the Scheme.
- ii) Field offices should also carryout local publicity for getting the applications of beneficiaries from Government Departments/Directly aided Institutions (DAI)/KVIB/NABARD/ Nehru Yuva Kendra Sanghatan (NYKS), SC/ST/Minority Finance & Development Corporation, Ministry of Women & Child Development (MWCD), Army Wives' Welfare Association (AWWA), Panchayat Raj Institutions, State Women & Child Development Corporation, State Designated Authorities of Agricultural and Horticultural Departments etc.
- iii) Preference to be given to the people trained in the related activity, people/groups pursuing the same activity earlier, based on their education, profile & minimum of 50% to SCs/STs/Women candidates/BPL category as the case may be.
- iv) Final selection of the beneficiaries to be done by a State level Committee to be constituted for the purpose, with the following composition:

Sr. No.	Particulars of members	Position
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1.	Dy. CEO (Respective Zone)	Chairman
2.	Respective State Director / Divisional Director / his representative not less than Asst. Director of respective States in the zone	Member
3.	Outside Expert (Agarbatti Technical Expert / Outside Expert ) /	Member
4.	Representative of KVK/ KVIB / DIC	Member
5.	Representative of NABARD/ Local Bank	Member
6.	Representative of Panchayati Raj Institutions	Member
7.	Local State / Divisional Directors	Member Convener

#### 6.4. **Skill Development Program:**

- a) Duration: 10 days - 1 Hour(Theory) and 5 hrs. Practical.
- b) Eligibility Criteria - Eligibility criteria of beneficiaries are as outlined below.
- c) Number per Group/ batch – upto 20 candidates
- d) Financial Expenditure (Per batch of upto 20 candidates).
- e) Rs.50,000/- per batch.
- f) Training by KVIC – Rs. 50000 per batch.
- g) The funds for training shall be released directly to the State Offices.
- h) KVIC should conduct online training programmes as well.
- i) The funds for Training shall be released directly to State/Divisional offices.

#### 6.5. **General Eligibility Criteria for the beneficiary**

- Age limit not less than 18 years to 55 years; having Aadhar Card, in case of non-availability of Aadhar card/Voters ID with photographs and Ration Cards, etc.
- One person from one family will be eligible for pedal operated/ automatic agarbatti machine and two persons from one family for Groups activity.
- For SHGs or Groups, all the members will be trained.
- Persons already trained in Agarbatti making by KVIC/ KVIB /NABARD/KVK(s) /Training Centres recognized by State or Central Govt. or Bank/ Eligible NGO(s), etc.
- The artisans working with KVI institutions for production of Agarbatti are to be given the preference.

- Persons who have availed benefits from other Govt. Schemes for the same/similar purpose will not be eligible; the beneficiary shall give declaration to this effect.

#### **6.6. Role of Regional/State Directors of KVIC**

- i. To nominate a technical staff from the concerned Industry or Technical staff from the any other V.I. group, who is presently looking after the PCBI work as Nodal Officer of programme.
- ii. Identifying the locations for implementing the pilot project, Khadi institutions, target group including SHGs or other groups, parties for tie up as per the above guidelines and finalizing through the State level committee.
- iii. The nominated technical staff under the guidance and directives of State / Divisional Director will arrange skill development programmes, co-ordinate project formation, arrangement of bank loan & will also be responsible for coordination with selected institutions, groups, parties having tie up with the project etc.
- iv. Marketing of Agarbatti through sales outlets.
- v. Developing linkages for backward & forward linkages and handholding support, wherever necessary.
- vi. Utilizing the existing infrastructure facilities to impart the suitable training to the artisans and encouraging them to take up “Agarbatti production” as source of supplementary income through schemes like PMEGP etc.
- vii. Monitoring and oversee implementation of the activities including receipt of machineries, distributions to the target group, proper utilization of machines, funds etc as per the guidelines.
- viii. After completion of the training, a comprehensive report incorporating the details of the Programme i.e. subject / trade along with details of venue, photographs, name and the address of the faculties / Speakers of the topics, list of the participants with full address and contact numbers (with category SC / ST / OBC / PH / Woman / Minority / Ex-Serviceman etc. may be prepared and submitted to Directorate of PCBI within 15 days after completion of training without fail. Uploading all these data in the portal of KVIC/Ministry is the responsibility of the Nodal officer.

- ix. Submission of Utilization Certificate, as per GFR rule with details along with above mentioned report of State / Divisional Director through soft and hard copy to the Gramodyog Vikas Yojana, for the village industries vertical of “Wellness & Cosmetics” incorporating photographs.
- x. Furnishing monthly, quarterly and annual reports to the Directorate of PCBI.
- xi. Maintaining detailed record of beneficiaries and machines distributed to the target group.
- xii. Conducting awareness program/workshop/review meets where ever necessary.
- xiii. KVIC will provide continuous support to such Pilots to be developed as model pilots for replication and development of PMEGP/MUDRA Units by entrepreneur/SHGs etc. through connecting with CoE/R&D/Marketing /continuous training etc. KVIC will monitor and provide feedback on a specific portal for this purpose.
- xiv. KVIC shall ensure that the buyers pay appropriate amount to such groups towards the making charges and pay directly in their accounts only through DBT. **No cash transaction should be allowed.**
- xv. KVIC will monitor & continuously work to keep improvement in production quality and earning of the people in such groups.
  - i. KVIC shall ensure development of new raw material using waste to wealth, like re-useable flowers, Coir Pith, etc and may provide additional support to such groups which use such waste/reusable material.
  - ii. KVIC will carry out special R&D efforts in this area and work to develop new raw material, machines, and skill development by Crash course/tie up with IITs etc. KVIC will set up a special CoE in this area in next 03 months.
- xvi. KVIC will specially promote sale of such produce through their sales counter/Khadi Institutes etc. with special arrangement as required. KVIC will try to develop a special marketing package as per GVV scheme provisions, for selling such produce by creating special sale counters etc.

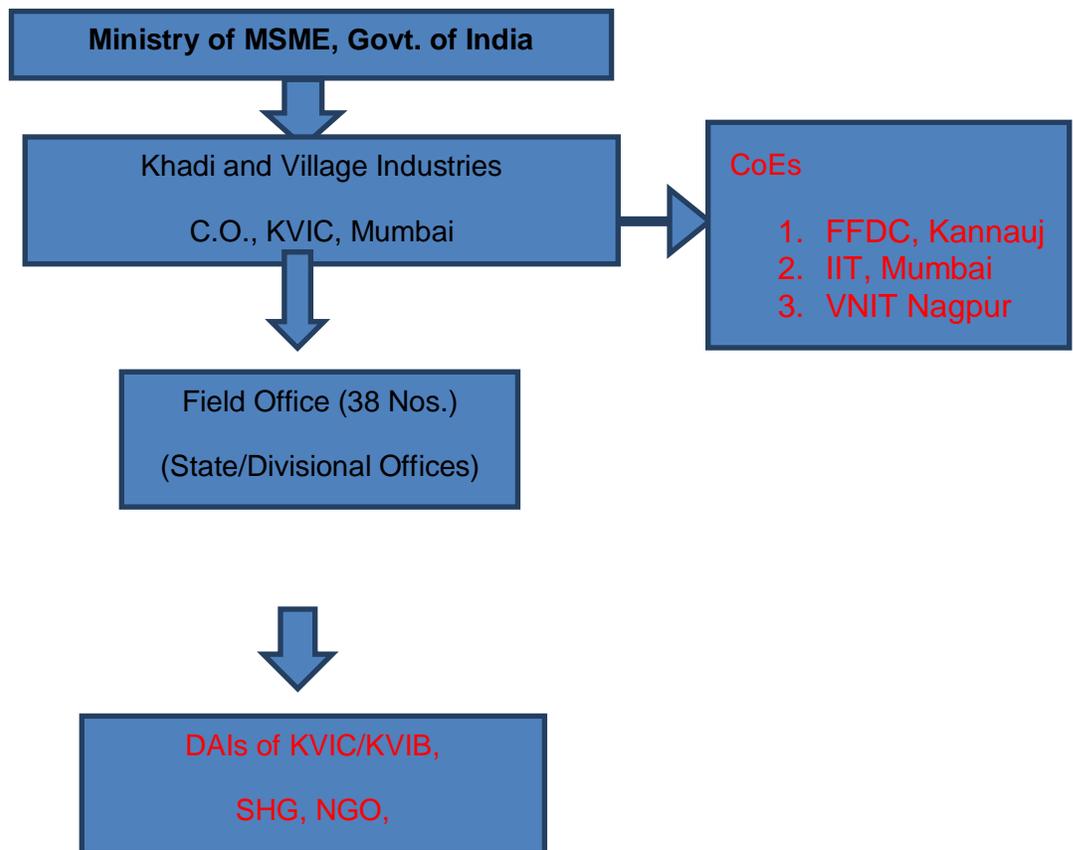
#### 6.7. **Selection of Pilot Projects' Location**

- Need to have wide spread across the country
- Backward areas/Aspirational districts and other potential areas should get appropriate representation.

➤ To be finalized by the State level committee.

## 6.8 Organizational Structure and Funding Pattern --

### a. Organisational Structure:



### b. Funding pattern: -

Sr. Nos	Activity	Estimated cost in Rs.
<b>A.</b>	<b>Skill-development Training for artisans</b>	
1	Provide 10 days agarbatti skill up gradation training (20 candidates per batch).	i. On the job free of cost Training with the involvement of experienced/experts in Agarbatti

		industry.
2	Cost of raw material	Rs. 10,000 for a batch consisting of 20 people.
3	Honorarium of Trainer	Rs. 10,000 per batch
	Wages for artisans Rs500/- per person	Rs. 10,000/- per batch
5	Local conveyance for artisans Rs250/- per person	Rs. 5,000/- per batch
6	Backward and Forward expenses	Rs. 15,000/- per batch
7	<b>Total</b>	<b>Rs50,000/-</b> per batch
8	Pedal operated machine	Rs.20,000/- per artisan
9	Mixing utensils to each beneficiary	Rs.1000/- per artisan
10	Raw material assistance for pedal operated agarbatti machine	Rs.2,000/- per artisan
11	Raw material assistance for automatic agarbatti machine	Rs.4,000/- per artisan
12	35% Subsidy on automatic Agarbatti machine	Rs.1,75,000/- per group for 5 machines.
13	35% Subsidy on automatic Mixer machine	Rs.14,000/- per group for one machine.
14	Support on installation & maintenance of automatic machinery	Rs.5000/- per group

### 6.9. IRG generation and beneficiary's contribution :

Before distributing the MACHINES(Paddle or Automatic), 10 % artisan's contribution (as an IRG) may be collected as mentioned at Para 9.2 below. Artisans living below poverty line and migrant artisans are exempted from Artisan's contribution. Beneficiaries will deposit the 10% artisan's contribution through State/ Divisional office of KVIC to the Director (Accounts), KVIC Mumbai. No cash transaction will be entertained.

### 7. Monitoring and Evaluation

- i) In all field offices, State level Agarbatti Committee is to be constituted for monitoring and evaluating the programme.

- ii) Zonal offices will also monitor the program implementation and the Zonal Dy. C.E.O.s should place the reports during quarterly review meetings.
- iii) In the Central Office, a Central Steering Committee is to be constituted by the KVIC for overall monitoring this Agarbatti Project.
- iv) Monitoring by Directorate of PCBI; the programme implemented by the field offices.
- v) Performing the role by FFDC, Kannauj as the Center of Excellence (as mentioned above) to monitor/evaluate the technical support extended in Agarbatti production.
- vi) Evaluation study of this programme will be carried out by engaging reputed third party Agency in next 04 (four) months.

## 8. Workshops/seminars

Workshops/seminars will be organized in the area of marketing, branding, packaging, standardization and quality control and also for the benefit of artisans so that they may become aware of the latest technologies developed.

### 8.1. Trainer's Training on Agarbatti Manufacturing

From each cluster one person total 20 persons will be identified and trained for a period of ten days as a Master Trainer at FFDC, Kannauj on complete manufacturing process of Agarbatti production through Pedal and automatic Agarbatti machine, quality control of raw materials, selection, preparation and application of perfume, branding and packaging of Agarbatti.

#### Tentative trainer's training expenses

S No	Activity	Estimated expenses per beneficiary( in Rupees )	Total Amount (Rs. in Lakhs)
1	Training fee	15,000.00	3.00
2	TA /DA TO and FRO expenditure	3000.00	0.60
3	Lodging and boarding expenses	20000.00	4.00
4	Raw materials	5000.00	1.00

5	Exposure visit	1000.00	0.20
6	Miscellaneous expenses	2000.00	0.40
	<b>Total</b>		<b>9.20</b>

**Note- Above financial details will be finalized after discussion with Director, FFDC, Kannauj.**

**8.2. Technical workshop on –** quality control of raw materials, use and benefits of different types of perfumes, different type of packaging technologies, branding procedure, etc will be organized in due course of time.

**8.3. Workshop of advance technologies of agarbatti like** pyrolyzing technology relies on partial pyrolysis of biomass, carbon-neutral agarbatti, carbon-neutral certification, etc will be organized in due course of time.

**9. Items Specific to ‘Support to artisans developing hand rolled Agarbatti with Pedal operated Machines’:**

9.1) Under the program maximum 500 beneficiaries will be assisted in a phased manner with a total investment up to Rs. 1.35 crore for the year 2020-21.

**9.2 Contribution by artisans:**

A) Contribution by beneficiaries

Sr. No.	Particulars	Beneficiaries contribution			KVIC Contribution			Reference
		SC/S T/Gen	BPL	Migrant labour	SC/S T/Gen	BPL	Migrant labour	
1	Pedal operated machine	10 %	0%	0%	90%	100%	100%	Circular No. KVIC/FBI/Ho

	Automatic machine	65%	65%	65%	35 %	35%	35%	ney(bee)Mission/Vol-II/18-19 dated .20.08.2018..
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**Note :** The beneficiaries coming under BPL irrespective of any caste and community are exempted from own contribution vide KVIC's Circular No: FBI/Honey Mission/ Vol-II/2019-20 dated 16<sup>th</sup> September 2019.

The contribution from artisans may be recovered from the artisan initially or in three equal installments in 6 months depending upon the capacity of the concerned artisan. The ownership of the machine will be of the listed beneficiaries/artisans. The recovered amount will be deposited to the KVIC by the institutions.

9.3 The **Khadi Institution** shall provide sufficient raw material/ingredients to the listed beneficiary for making Agarbatti and also buy back the production. The institution & KVIC shall ensure the quality standard as per the business requirements. KVIC shall monitor the quality parameters of the final product.

#### 9.4 Target Group

The artisans who are already making or had been making in hand-rolled Agarbatti.

#### 9.5. Details of the activities/financials under the pilot project :

##### a. Pattern of assistance per artisan for supporting with pedal-operated machine :

Sr. No.	Activity	Particular (in Nos.)	Estimated Expenditure (Rs. in lakh)	Estimated Expenditure per head
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				(Rs. in lakh)
1	Pedal operated Agarbatti machine (including all tax, packaging, transport and installation)	1	0.20	0.20
2	Skill development training on Agarbatti making	1	0.50 for 20 persons	0.025
3	Mixing utensils to each beneficiary @Rs1000/-	-	0.20 for 20 persons	0.01
4	Miscellaneous expenses		0.30 for 20 persons	0.015
5	Raw Material assistance for each artisan		0.40 for 20 persons	0.02
<b>Total</b>		-	-	<b>0.27</b>

**b. Pattern of assistance for ten days skill development of one batch (for 20 persons)**

S No	Particulars of Head	Amount, Rs in Lakhs
1	Cost of Raw material	0.10
2	Honorarium of trainer	0.10
3	Wages for Artisans Rs500 per person	0.10
4	Local conveyance for artisans Rs250 per person	0.05
5	Backward & forward expenses	0.15
	<b>Total Rs.</b>	<b>0.50</b>

**Total funds required under this model will be up to Rs. 1.35 crore (Rs.0.27 lakhs x 500 nos)**

**10) Items Specific to ‘Support with Automatic Agarbatti machines to SHG/other similar groups / or groups as decided by the Commission:**

10.1) This model will be implemented through SHGs (consisting of 10 workers) of NRLM/NABARD or any other group having good track record or registered NGOs, Trust, Cooperative Society, or any other recognized group.

10.2) The pilot project will be implemented in a phased manner in states like Tripura, Assam, Orissa, Maharashtra, Gujarat, MP, Karnataka, etc. with maximum number of 40 beneficiaries in each State, to begin with and maximum beneficiaries will be 800 numbers with up to 10 Pilots for the year 2020-21.

10.3) Hand Holding: Assist in providing automatic Agarbatti making machines and mixer machine to the beneficiary groups: One SHG (a group of 10 persons) will get a maximum of five automatic Agarbatti making machine and one mixer machines. Training will be provided to the all 10 members of SHG.

10.4) Total 400 fully automatic Agarbatti making machines and suitable number of mixing machines i.e. maximum of 80 will be provided to SHG by KVIC. One Mixture machine will be provided on a set of five automatic Agarbatti making machines.

10.5) KVIC shall fund the SHG/ other groups as detailed above to the extent of 35% subsidy and 65% will be raised by SHG through bank loan/partly own contribution (upto 10%) which they can meet from NRLM/NANBARD/any bank/micro financing system, etc.

10.6) The ownership of the machine will be with the SHG and machine will be located in the area/space as per their convenience/due consultation with KVIC etc.

10.7) State Director KVIC/ Khadi institution as selected, shall facilitate tie ups with the successful Agarbatti manufacturers for providing sufficient raw material/ ingredients to the SHGs for making Agarbatti and also buy back arrangement for the production.

10.8) The Agarbatti manufacturer and KVIC/ Khadi institution shall monitor the quality standard as per their requirements. However, at any stage if the SHG wishes to set up their own business model they shall be free to do so. State Director KVIC/ Khadi institution will facilitate in this initiative.

10.9) For better implementation and coordination, the Agarbatti manufacturers may provide training to 80 SHGs, through their own experts or through experts of CoE or trainer trained by CoE and the cost of which may be borne by KVIC.

#### **10.10) Target Group**

The artisans may be Self Help Groups(SHG) preferably women workers, or registered NGOs, Trust, Cooperative Society, or any other recognized group who are having traditional knowledge or already engaged in the Agarbatti activity or similar group as decided by the Commission.

#### **10.11) Selection of SHG**

The SHGs and leading Agarbatti manufacturer of state will be selected by the Selection Committee as detailed above.

#### **10.12) Selection of Agarbatti Manufacturer for tie-up**

The State Director shall make wide publicity regarding the project, invite successful and willing manufacturers for tie-ups for support of good raw material and purchase of finished products, and select the best suited Agarbatti Manufacturer. However, if at any stage the performance / cooperation of the selected Agarbatti manufacturer found unsatisfactory, the same can be replaced by another.

### 10.13) Skill development Programme

Necessary basic training will be provided to the identified beneficiaries as per the criteria mentioned. The pattern of 10 days on the job training will be provided to the artisans/SHG, which will be useful to the artisans/SHG to increase their production capacity. Training cost will be borne by KVIC. **KVIC will work to continuously improve the skill of these artisans / groups.**

### 10.14) Pattern of Assistance for setting up pilots with automatic machines :

#### a. Pattern of assistance per Pilots (consisting of 10 people/artisans/SHG members):

S. No	Activity	Particular (in Nos.)	Estimated Expenditure per unit (Rs. in lakh)	Total Estimated Expenditure for group of 10 members (Rs. in lakh)	Financial commitment of KVIC @35% for machines
1	Agarbatti machine - Automatic (including all tax, packaging, transport)	5	1.00	5.00	1.75
2	Mixer Machine, Capacity: 100 Kg/Hr	1	0.40	0.40	0.14
3	Skill development training on Agarbatti making	For 10 persons	0.50 (per batch of 20)	0.25	0.25

			person)		
4	Installation of machines, maintenance of machinery,				0.05
5	Raw Material assistance			0.20	0.20
6	Miscellaneous expenses like publicity, awareness, inauguration, certificate, etc.				0.11
<b>Total</b>					<b>2.50</b>

**b. Pattern of assistance for skill development of one batch (for 20 persons)**

<b>S No</b>	<b>Particulars of Head</b>	<b>Amount, Rs in Lakhs</b>
1	Cost of Raw material	0.10
2	Honorarium of trainer	0.10
3	Wages for Artisans Rs500 per person	0.10
4	Local conveyance for artisans Rs250 per person	0.05
5	Backward & forward expenses	0.15
	<b>Total Rs.</b>	<b>0.50</b>

**Summary of Automatic Agarbatti machine to SHG/other similar groups**

<b>S. No</b>	<b>Activity</b>	<b>Particular (in Nos.)</b>	<b>Estimated Expenditure (Rs. in lakh)</b>	<b>Total Expenditure (Rs. in lakh)</b>	<b>Financial commitment of KVIC (Rs. in lakh)</b>

1	Agarbatti machine - Automatic (including all tax, packaging, transport)	400 units	1.0/unit	400.00	140.00
2	Mixer Machine, Capacity: 100 Kg/Hr	80 units	0.40/ unit	32.00	11.20
3	Skill development training on Agarbatti making	800 persons	0.50/ 20 persons	20.00	20.00
4	Installation of machines, maintenance of machinery,	400 machines	0.010/ machine	4.00	4.00
5	Raw Material assistance	400 units	0.04/ machine	16.00	16.00
6	Miscellaneous expenses like publicity, awareness, inauguration, certificate, etc	80 SHGs	0.11/SHG	8.80	8.80
			<b>Total</b>		<b>200.00</b>

**11. Total financial commitment of KVIC:-**

- A. For pedal operated model                      Rs.135.00 Lakhs
- B. For Automatic machine model                Rs. 200.00 Lakhs
- C. Training for Master Trainers                Rs    9.20 Lakhs

**Total funds required for pilot projects Rs. 344.20 lakhs or Rs. 3.45 crore**

**12. CoE FOR AGARBATTI with FFDC, KANNAUJ and IIT etc:**

KVIC, in consultation with FFDC, Kannauj, IIT, Mumbai, VNIT, Nagpur to further work for the followings:

- i) To set a CoE with FFDC for developing alternative raw material i.e. (a) agro-based residuals, (b) reusable flowers etc, (c) Coir pith and also for development of indigenous Joss powder alternatives (d) low carbon alternatives etc. The CoE may be set up with an investment upto Rs. 20 lakhs to find suitable solutions to above stated points.
- ii) Further a CoE should be set up with IIT, Mumbai/TC of MSME, VNIT, Nagpur etc. for machine development and development of various other products at a maximum cost of Rs. 2.00 crore.
- iii) During 2010, the VNIT, Nagpur had developed the pedal operated Agarbatti machine. So, they have been requested to conduct field trial of Pedal operated Agarbatti Machine with establishing the production unit of square bamboo stick. They will try to establish a cluster of about 50 Pedal operated Agarbatti machines with the production unit of square bamboo stick which will be depending on local bamboo. In the said cluster, beneficiaries will be producing final product of Agarbatti with the brand of Khadi India and in good packaging.
- iv) The machineries proposed to be developed for processing of raw material by MGIRI & VNIT will be tested on trial basis in the above said project
- v) The development of automatic Agarbatti machines for Square bamboo sticks is already under progress at VNIT, Nagpur.

### **13) Cluster approach under SFURTI**

To have a meaningful impact in medium term to support artisans working in the Agarbatti industry, for their sustainable employment and enhance their earnings, 10 clusters may be set up on the lines of SFURTI cluster scheme of the Ministry of MSME for Agarbatti production in next one-two years with proper backward & forward linkages.

### **14) RELEASE OF FUNDS**

A) **Training Expenses** : The training expenses are to be incurred fully by KVIC.

B) **Machines procurement:**

1. The automatic and pedal Agarbatti making machines shall be procured in consultation with the SHGs/ beneficiaries/buyer of the finished products.
2. Procurement may be done by the Central Office, Mumbai, through the CPP E-procurement portal and send to the identified institutions, under information to the SO/DO. Upon confirmation of the receipt of machines, the training for the selected artisans shall be organized by the SO/DO, so that the beneficiaries could be trained on the machines.

#### **15) DETAILS ABOUT TECHNICAL COMMITTEE FOR SPECIFICATIONS OF MACHINES**

A Technical Committee will be constituted headed by Director, PCBI including expert from **VNIT**, Nagpur, IIT, Mumbai and Agarbatti manufacturers for deciding and finalizing specifications of Pedal operated machine, Automatic Agarbatti making machine, Mixer machine and other equipment to be provided to beneficiaries.

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