

No. S-06/15/2020-KVI(I)  
GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

Udyog Bhavan, New Delhi-110011  
dated the 14<sup>th</sup> April, 2021

**Office Memorandum**

Subject :- EFC Memo for "Khadi Gramodyog Vikas Yojana (KGVY)"  
for continuation during the period 2021-22 to 2025-26, i.e. co-terminus  
with 15<sup>th</sup> Finance Commission cycle

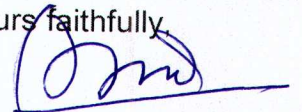
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The undersigned is directed to enclose a copy of the Draft EFC Memo on "Khadi Gramodyog Vikas Yojana (KGVY)" for its continuation for the period 2021-22 to 2025-26 as per DoE O.M. No.24(35)/PF-II/2012, dated 17.11.2017.

2. It is requested to kindly furnish the comments on the Draft EFC Momo to this Ministry within 15 days from the date of issuance of this letter. In case, comments are not received within the stipulated period, it would be presumed that the Ministry/Department has no comments to offer and further action for convening of EFC meeting for approval of the scheme will be taken accordingly. The soft copy of the comments/suggestions may also be sent on email-id.

3. This issues with the approval of the Competent Authority.

Yours faithfully,



( J. K. SAHU )

Under Secretary to the Govt. of India

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**Encl.: As above**

- 1) CEO, NITI Aayog, Yojana Bhawan, Sansad Marg, New Delhi ([ceo-niti@gov.in](mailto:ceo-niti@gov.in))
- 2) Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi. ([secyexp@nic.in](mailto:secyexp@nic.in))
- 3) Secretary, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
- 4) Secretary, Department of Financial Services, Ministry of Finance, Jeevan Deep Building, Sansad Marg, New Delhi.
- 5) Secretary, Ministry of Textiles, Udyog Bhawan, New Delhi.
- 6) Secretary, Department of Rural Development, Ministry of Rural Development, Krishi Bhawan, New Delhi.
- 7) Secretary, Department of Agriculture Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi.
- 8) Secretary, Department of Agriculture Research and Education, Ministry of Agriculture, Krishi Bhawan, New Delhi.
- 9) Secretary, Ministry of New and Renewable Energy, Block 14, Lodhi Road, CGO Complex, New Delhi.
- 10) Secretary, Ministry of Skill Development & Entrepreneurship, Shram Shakti Bhawan, Rafi Marg, New Delhi.

## **EFC MEMORANDUM FOR APPRAISAL OF KGVY**

### **PART A**

**1. Name of the Umbrella Scheme under which scheme is to be continued**

Khadi & Gramodyog Vikas Yojana (KGVY)

**2. Total outlay of the umbrella scheme, Scheme-wise and year-wise (in case of Umbrella CSS, specify the overall Central Govt. and State Govt. Shares)**

Component wise proposed outlay is placed at **Annexure – I**

**3. In case of centrally sponsored umbrella scheme, specify central components (100% funded for central government) and state components (Shared between centre/state/UTs)**

Central Sector Scheme with 100% funding by the Centre

## **PART B**

### **1 Name of the Scheme:**

The Scheme may be called Khadi & Gramodyog Vikas Yojana (KGVY).

### **2 Objectives of the Scheme:**

- To increase productivity and wages of Khadi Artisans and secure their livelihood
- To ensure social security – PMJJY & PMSBY
- To increase number of Artisans
- To improve Infrastructure for Khadi Production
- To increase Khadi Production and Sales and Employment
- To renovate and Modernize Sales Outlets
- To promote Marketing and Exports

### **3 Background of the Scheme:**

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 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 & Village Industries institutions into commercially viable entities for ensuring their healthy growth based on the needs of the competitive market rather than being dependent on subsidies.

In the past plan periods, Khadi and Village Industries sectors had various independent schemes, developed to meet the needs of KVI sector. In November, 2019, all the existing KVI schemes/sub-schemes/components were merged, and brought under one umbrella scheme namely Khadi and Gramodyog Vikas Yojana (KGVY). **KGVY is a Central Sector Scheme and there is no State component involved in this scheme. KGVY has following two components:**

**“KhadiVikasYojana (KVY)”**for promotion and development of Khadi sector i.e. cotton, woollen, silk and the existing schemes like (1) Modified Market Development Assistance (MMDA), (2) Interest Subsidy Eligibility Certificate (ISEC), (3) Khadi Reforms Development Programme (KRDP), (4) Workshed Scheme for Khadi Artisans, (5) Strengthening infrastructure of existing weak Khadi Institutions and Assistance for Marketing Infrastructure (6) Khadi (S&T). Two new components have been introduced under KVY i.e. Rojgar Yukt Gaon (RYG) and Centre of Excellence (CoE) for Khadi.

**“Gramodyog Vikas Yojana (GVY)”** for Promotion and development of village industries through common facilities, technological modernization, training etc. & other support and services for promotion of village Industries. GVY has the following components/ verticals from the activities under Village Industries:

- i. Agro Based & Food Processing Industry (ABFPI)
- ii. Mineral Based Industry (MBI)
- iii. Wellness & Cosmetics Industry (WCI)

- iv. Handmade Paper, Leather & Plastic Industry (HPLPI)
- v. Rural Engineering & New Technology Industry (RENTI)
- vi. Service Industry

'Khadi Grant' which covers all the establishment expenses of the Officers/Staff members of the KVIC.

**4 Nature of the Scheme- Whether Central Sector (CS) scheme/Centrally sponsored scheme:**

Central Sector Scheme

**5 Total Proposed outlay (Component-wise and Year-wise)**

**Khadi & Gramodyog Vikas Yojana**

(Rs. in crore)

Year	Khadi Vikas Yojana (KVY)	Gramodyog Vikas Yojana		Khadi Grant (Administrative)	Total
		Dedicated Verticals	Supporting Grant (I.T., S&T, Capacity Building (V.I.), E&S etc.)		
2021-22	421.34	97.57	82.86	436.19	<b>1037.96</b>
2022-23	448.77	113.44	100.38	490.15	<b>1152.75</b>
2023-24	503.20	131.47	153.14	551.04	<b>1338.85</b>
2024-25	576.99	153.70	178.27	619.69	<b>1528.64</b>
2025-26	661.45	179.51	173.03	697.58	<b>1711.57</b>
<b>Grand Total</b>	<b>2611.76</b>	<b>675.69</b>	<b>687.68</b>	<b>2794.65</b>	<b>6769.78</b>

The proposed component-wise outlays are as per **Annexure-I**.

Total Budget Outlay of KGVY for the years 2021-22 to 2025-26 has been proposed as Rs. 6769.78 crore out of which proposed outlay for Khadi Vikas Yojana is Rs. 2611.76 crore and for Gramodyog Vikas Yojana is Rs. 1363.37 crore. If we hived off out the Administrative Expenditure of Rs. 2794.65 crore from the total proposed outlay of Rs. 6769.78 for the years 2021-22 to 2025-26 then the outlay for KGVY (excluding administrative expenditure) will be **Rs.3975.13 crore**.

The budgetary support available under “Khadi Vikas Yojana” is the main source of funding to meet the developmental activities under Khadi Programme. The budgetary allocations are meant for various activities such as Modified Market Development Assistance (MMDA), Interest Subsidy Eligibility Certificate (ISEC) Scheme, Artisan Welfare Fund Trust (AWFT), Work-shed Scheme for Khadi Artisans, Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure, Science & Technology (Khadi), Publicity & Propaganda and Marketing support for KVI programme.

The “Gramodyog Vikas Yojana Grant” is provided by Government of India to meet the developmental needs of the Village Industry sector which comprise six broad groups such

as Agro Based & Food Processing Industry (ABFPI), Mineral Based Industry (MBI), Wellness & Cosmetics Industry (WCI), Hand Made Paper, Leather & Plastic Industry (HMPLP), Rural Engineering & New Technology Industry (RENTI), and Service Industry. Budgetary allocations under Gramodyog Vikas Yojana are also provided for supporting activities such as Science & Technology (V.I.), Capacity Building (CB), Economic Research (Ec. R), Information Technology (IT), Audit, and other supporting activities.

For further development of the Village Industries, Ministry of MSME, Govt. of India, has approved the operational guidelines recently under different village industry verticals, which will be implemented during the coming years, which are considered to have the potential for substantial employment generation.

KVIC also introduced an innovative programme of "Footwear Manufacturing" by traditional artisans, Pilot Project of Agarbatti Industry which aims to increase production capacity of Artisans by providing training through Professionals or Centre of Excellence (CoE) and distribute tools and machines to enhance their income, in order to build self sufficiency in the country. KVIC will extend continuous R & D support on development of indigenous machines and alternative raw materials etc., with help of CoEs to create sustainable employment.

Efforts are being made to bring new and innovative food products through transfer of better technology (Lab to Land) in association with the Council of Scientific & Industrial Research (CSIR) and Ministry of Food Processing Institutions so that more and more self-employment avenues are created for the rural women and educated unemployed youth. Under the 'Gramodyog Vikas Yojana' of the Ministry of MSME, Agro Based Food Processing Industry (ABFPI) has been receiving new impetus for its growth and development.

KVIC is the Nodal Agency for implementation of the Prime Minister's Employment Generation Programme (PMEGP) and Revamped Scheme of Funds for Regeneration of Traditional Industries (SFURTI) scheme. Separate funds are also provided under Mission Solar Charkha (MSC) to promote Solarvastra produced out of Solar Yarn from Solar Charkhas and Solar Looms. In order to revitalize and reform the activities of KVI Sector, in terms of employment generation, enhancement in earning of artisans and ensure positioning of Khadi in consonance with the current market trend; a comprehensive reform programme namely "Khadi Reform and Development Programme" (KRDP) approved by Government of India, is being implemented with the assistance from Asian Development Bank (ADB).

The budgetary allocations under "Khadi Grant" are provided to meet out the establishment expenditure like Pay and other overhead expenses, etc. of the officials of KVIC and Pension, Gratuity and Commutation payment to KVIC's approx. 3654 retired employees. The Khadi Grant also includes the expenditure required on salary and other overhead charges of employees involved in implementation of other schemes viz. PMEGP, SFURTI, MSC, KRDP and ASPIRE also in addition to the KGVY.



**6 Actual Expenditure of the ongoing scheme in last 3 years.**

Sr. No	Name of Scheme	Actual Expenditure during 2017-18	Actual Expenditure during 2018-19	Actual Expenditure during 2019-20
<b>A</b>	<b>KVIC</b>			
<b>1</b>	<b>Khadi Gramodyog Vikas Yojana (KGVY)</b>			
<b>1.1</b>	<b>Khadi Grant (Establishment Expenditure)</b>	237.71	381.92	370.51
<b>1.2</b>	<b>Khadi Vikas Yojana (KVY)</b>			
1.2.1	Khadi Vikas Yojana (KVY)	392.26	474.32	464.36
<b>1.3</b>	<b>Gramodyog Vikas Yojana (GVY)</b>	83.10	57.66	80.65
	<b>SUB-TOTAL-KGVY(1)</b>	<b>713.07</b>	<b>913.90</b>	<b>915.52</b>

**7 Approved output/outcome of ongoing scheme year wise and achievements (in a tabular form)**

Details of physical targets and achievements with reasons for shortfall are attached at **Annexure - II**.

**8 Existing and proposed funding pattern (in a tabular form) along with rationale.**

As mentioned in para No. 5

All the modifications have been proposed in accordance to the DoE, Ministry of Finance, OM No. F. No.42 (02)/PFC-I/2014 dated 4<sup>th</sup> June 2020, wherein it has been instructed that schemes shall be continued without changing their scope, nature, coverage and without creating any additional posts.

**9 Major findings of evaluation / outcome review and comments of the Ministry / Department on each observation of the scheme (Attach evaluation report)**

The KGVY scheme was approved by CCEA on 19.02.2019 for a period of three years i.e., 2017-18 to 2019-20. However, the Guidelines were issued to KVIC, with the approval of Hon'ble Minister, MSME on 08.11.2019. Besides, Operational guidelines in respect of ABFPI, RENTI, HMPI and some of activities like Beekeeping, Agarbatti project, Pottery under different verticals by the Ministry in September, 2020 and January, 2021. In view of the above, no evaluation has been done for the scheme of GVV.

However, during 2019-20 and 2020-21, a third party/independent evaluation was conducted by **Mott MacDonald** for some of the existing components of KVY viz. Market Promotion and Development Assistance (MPDA), Interest Subsidy Eligibility Certificate (ISEC), Work-shed scheme for Khadi artisans, Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure, Science & Technology (Khadi and V.I), Honey Mission (under Forest Based Industry) and Kumhar Sashaktikaran Programme (under Mineral Based Industry). Considering the effectiveness of all the schemes/programmes evaluated on various parameters the evaluating agency – Mott MacDonald has recommended for continuation of all the schemes for the benefit of

KVI artisans. **The key recommendations of Evaluation Study Conducted by Mott MacDonald, Mumbai and the comments thereon are placed at Annexure - III.**

In view of the above, IFW of the Ministry has considered and approved the proposal for continuation of the scheme during 2021-22 to 2025-26 without third party evaluation.

**10 Major changes / departure proposed from earlier scheme along with justification**  
**Proposal for discontinuation of Rojgar Yukt Gaon – a component of Khadi Vikas Yojana:**

10.1 Ministry of MSME communicated the approval of guidelines for implementation of Rozgar Yukt Gaon (RYG) under “Khadi Gramodyog Vikas Yojana (KGVY)” Scheme with an aim to introduce enterprise led model replacing the subsidy model and to create 12500 direct employment and 5765 indirect employment opportunities in 50 villages through Khadi Institution Partner, so as to empower 50 villages throughout the country with 10000 charkhas, 2000 looms and 100 warping units (@ 200 Charkhas, 40 looms and 2 warping units for each village). An amount of Rs. 41.00 crore earmarked for the year 2019-20 for implementation of the above scheme.

10.2 Actions taken by KVIC for implementation of RYG Scheme :

As per the RYG guidelines, KVIC made sincere efforts for setting up of an enterprise model for the transformation of 400 economically backward villages through a participation of the following 3 elements:

- i. Khadi Gaon
  - ii. Khadi Institution Partner (KIP) the KIs selected preferably from the KRDP assisted list; and
  - iii. Khadi Business Partner (KBP).
- a) As per the RYG scheme guidelines, the initial assistance of working capital to a tune Rs. 1.63 crore per village, to set up a Khadi Gaon as a hub of activities around Khadi infrastructure, is to be provided by the Khadi Business Partner (KBP) either on their own or in collaboration with the Khadi Institution.
  - b) In order to draw Khadi Business Partner (KBP) into the framework of RYG, KVIC published advertisements on two occasions seeking ‘Expression of Interest (EoI)’ from the entitled agencies.
  - c) From the applications of the agencies, it is observed that the Net Worth of the agencies is inadequate to become KBP for mobilization of Working Capital of Rs. 1.63 Crore per village.
  - d) In addition to the above practical problems in identifying the KBPs, the COVID-19 pandemic situation prevailing in the Country is also one of the key factors, which attributed the difficulties for selecting KBP for implementation of RYG by KVIC.



- e) During the interactions with the representative of the proposed KBP agencies while assessing their proposal on several occasions through Virtual meetings, they have demanded for provision for sanction of additional funds for construction of Workshed for installing the NMCs, Looms, etc., they have also demanded for provision of Interest Subsidy Component for the proposed Working Capital requirement. Apart from the above, considering the present market sluggish due to COVID-19 scenario, no agencies have come forward to become KBP for implementing the RYG.
- f) Despite making all out efforts by KVIC to select the Khadi Business Partners to draw them into the frame work of RYG, for which it has incurred an amount of Rs. 36.54 lakh for advertisement charges. Only 02 (two) eligible applications (Two) could only be tentatively identified.

In view of the facts narrated above, it is proposed that RYG scheme does not appear to be feasible and hence it may be discontinued w.e.f. FY 2021-22.

## **11 Major changes in costing norms, if any**

All the modifications have been proposed in accordance to the DoE, Ministry of Finance, OM No. F. No.42(02)/PFC-I/2014 dated 4<sup>th</sup> June 2020, wherein it has been instructed that schemes shall be continued without changing their scope, nature, coverage and without creating any additional posts. Accordingly, Khadi & Gramodyog Vikas Yojana may be continued with the existing components at the total cost of Rs. 6769.78 crore for the period from 2021-22 to 2025-26.

## **12 Convergence architecture with other central government schemes**

There will not be any overlapping of objectives and coverage envisaged under the Scheme with reference to other schemes of the Central Govt. Merging of various components of Khadi and VI under the two umbrella schemes of KVV and GVV will bring in simplicity and greater flexibility in implementation of the schemes for the betterment of the Khadi and VI sector.

One of the components of the proposed scheme is 'Market Development Assistance' for participation in International Exhibitions. Such a scheme also exists under Ministry of Commerce, Govt. of India. However, it is not specially meant for the Khadi & Village Industries Sector but for respective EPCs and their members whereas, the proposed scheme pertains to participation in international exhibitions especially for Khadi Institutions and units of KVI Sector and prepared based on specific needs of the sector. Hence, this component does not overlap with the schemes of other sector.

## **13 Rationale for continuation**

KGVV is a new scheme - by merging all the existing schemes/sub schemes/ components under Khadi Grant and Village Industries Grant umbrellas with new components into envisaged sub schemes of "Khadi Vikas Yojana" (KVV) and "Gramodyog Vikas Yojana" (GVV).

The scheme was approved by CCEA on 19.02.2019 for a period of three years i.e., 2017-18 to 2019-20. However, the Guidelines were issued to KVIC with the approval of

Hon'ble Minister, MSME on 08.11.2019. Besides, Operational guidelines in respect of ABFPI, RENTI, HMPI and some of activities like Beekeeping, Agarbatti project, Pottery under different verticals of KGVY by the Ministry in September, 2020 and January, 2021. In view of the above, no evaluation has been done for the scheme of GVV.

However, during 2019-20 and 2020-21, a third party/independent evaluation was conducted by Mott McDonald for some of the existing components of KVV viz. Market Promotion and Development Assistance (MPDA), Interest Subsidy Eligibility Certificate (ISEC), Work-shed scheme for Khadi artisans, Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure, Science & Technology (Khadi and V.I), Honey Mission (under Forest Based Industry) and Kumhar Sashaktikaran Programme (under Mineral Based Industry). The details of the recommendations are mentioned in Para-9.

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 & Village Industries institutions into commercially viable entities for ensuring their healthy growth based on the needs of the competitive market rather than being dependent on subsidies.

In view of the above, IFW of the Ministry has considered and approved the proposal for continuation of the scheme during 2021-22 to 2025-26 without third party evaluation.

#### **14 Proposed output/outcomes year-wise**

As mentioned in Para No. 5

#### **15 Sunset date**

EFC proposal for - 5 Years (FY 2021-22, FY 2022-23, FY 2023-24, FY 2024-25 and FY 2025-26).

#### **16 Details of posts created for the Scheme (Regular/Contractual separately) and the number of persons engaged against them with annual financial implications.**

No additional permanent/temporary posts will be created. However, at Head Quarters or State level or district level, the work of uploading of data and providing secretarial assistance will be outsourced by KVIC and expenditure will be met from miscellaneous heads. Qualified experts in field of Khadi and Village industry activities will be engaged as consultants to enhance the scope of programme and bring new interventions in the activities for the overall benefits of the artisans and beneficiaries

#### **17 Any additional posts proposed to be created with annual financial implication.**

Not Applicable

**18 Comments of other stakeholders including Ministries/Departments/NITI Aayog and response thereon (in a tabular form)**

(i) Observations of IFW and Action Taken thereon are at **Annexure – IV**.

1.The observations of IFW are furnished as under:-

2.

3.

4.

5.

**Annexure I**

**Component-wise proposed outlay/fund requirement for next five years 2021-22 to 2025-26**

(Rs. in crore)

Sr. No.	Name Of The Scheme / Programme	PROPOSED OUTLAY / FUND REQUIREMENT					
		2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	TOTAL
<b>A</b>	<b>Khadi Vikas Yojana</b>						
1	MMDA (Institutions' Incentive & Artisans' Incentive)	300.00	330.00	369.60	425.04	488.80	<b>1913.44</b>
2	ISEC	44.00	48.40	54.21	62.34	71.69	<b>280.64</b>
3	Work-shed for Khadi Artisans	3.00	3.30	3.70	4.25	4.89	<b>19.14</b>
4	Infrastructural Assistance	3.00	3.30	3.70	4.25	4.89	<b>19.14</b>
5	Marketing Assistance	7.50	8.25	9.00	9.75	10.50	45.00
6	Insurance Scheme	6.84	7.52	8.43	9.69	11.14	<b>43.63</b>
7	Khadi Quality Assurance	5.00	5.50	6.16	7.08	8.15	<b>31.89</b>
8	Setting up of Design House	15.00	-	-	-	-	<b>15.00</b>
9	Promotional Grant (Khadi)	5.00	5.50	6.16	7.08	8.15	<b>31.89</b>
10	Marketing	18.00	21.00	24.00	26.50	29.00	<b>118.50</b>
11	Science & Technology (Khadi)	1.00	1.50	1.75	2.00	2.00	<b>8.25</b>
12	Capacity Building (Khadi)	5.00	6.00	7.20	9.00	11.00	<b>38.20</b>
13	Survey & Studies (EcR)	3.00	3.00	3.30	3.50	3.75	<b>16.55</b>
14	Legal	5.00	5.50	6.00	6.50	7.50	<b>30.50</b>
	<b>Total Khadi Vikas Yojana</b>	<b>421.34</b>	<b>448.77</b>	<b>503.20</b>	<b>576.99</b>	<b>661.45</b>	<b>2611.76</b>
<b>B</b>	<b>Gramodyog Vikas Yojana</b>						
<b>I</b>	<b>(Dedicated Verticals)</b>						
1	Agro Based & Food Processing Industry (ABFPI)	18.10	19.80	21.50	23.20	24.90	<b>107.50</b>
2	Mineral Based Industry (MBI)	28.97	34.46	41.47	50.38	61.45	<b>216.73</b>
3	Wellness & Cosmetic Industry (WCI)	11.00	12.40	14.00	15.90	18.20	<b>71.50</b>
4	Hand Made Paper, Leather & Plastic Industry (HMPPLI)	21.00	24.50	28.06	31.66	35.82	<b>141.04</b>
5	Rural Engineering & New Technology Industry (RENTI)	18.50	22.28	26.44	32.56	39.14	<b>138.92</b>
6	Service Industry	-	-	-	-	-	<b>0.00</b>
	<b>Total (Dedicated Verticles)</b>	<b>97.57</b>	<b>113.44</b>	<b>131.47</b>	<b>153.70</b>	<b>179.51</b>	<b>675.69</b>

Sr. No.	Name Of The Scheme / Programme	PROPOSED OUTLAY / FUND REQUIREMENT					
		2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	TOTAL
<b>II</b>	<b>Supporting Grant</b>						
1	Information Technology	10.00	12.00	15.00	18.00	20.00	<b>75.00</b>
2	Publicity	10.00	12.50	15.62	19.52	24.40	<b>82.04</b>
3	Science & Technology (Village Industry)	5.00	6.00	7.50	9.00	11.00	<b>38.50</b>
4	Capacity Building (Village Industry)	18.00	22.00	26.00	31.00	37.00	<b>134.00</b>
5	Estate & Services	37.00	44.50	85.00	96.00	75.00	<b>337.50</b>
6	State Board Cell (SBC)	0.50	0.55	0.60	0.65	0.70	<b>3.00</b>
7	Village Industry Co-ordination	0.20	0.22	0.25	0.27	0.30	<b>1.24</b>
8	GST	0.10	0.10	0.12	0.12	0.12	<b>0.56</b>
9	Audit	1.40	1.68	2.01	2.41	2.89	<b>10.39</b>
10	Commission Meeting	0.66	0.83	1.04	1.30	1.62	<b>5.45</b>
	<b>Total (Supporting Grant)</b>	<b>82.86</b>	<b>100.38</b>	<b>153.14</b>	<b>178.27</b>	<b>173.03</b>	<b>687.68</b>
	<b>Total Gramodyog Vikas Yojana (I + II)</b>	<b>180.43</b>	<b>213.82</b>	<b>284.61</b>	<b>331.97</b>	<b>352.54</b>	<b>1363.37</b>
<b>C.</b>	<b>Establishment Expenditure</b>						
<b>I.</b>	<b>Khadi Grant (Administrative Expenditure)</b>						
1	Basic Pay	126.00	144.90	166.64	191.64	220.39	<b>849.57</b>
2	All allowances except T.A.	81.50	93.73	107.79	123.96	142.55	<b>549.53</b>
3	Medical	1.50	1.73	1.99	2.29	2.64	<b>10.15</b>
4	T.A.	7.00	7.70	8.47	9.32	10.25	<b>42.74</b>
5	LTC	1.00	1.15	1.33	1.53	1.76	<b>6.77</b>
6	Contingency, etc.	20.00	22.00	24.20	26.40	29.00	<b>121.60</b>
7	Pension, Gratuity and Commutation	192.00	211.20	232.32	255.55	281.11	<b>1172.18</b>
8	Loans & Advances	0.70	1.00	1.00	1.00	1.00	<b>4.70</b>
9	SwachhtaAbhiyan Plan	2.00	2.25	2.81	3.51	4.39	<b>14.96</b>
	<b>Total Khadi Grant (Administrative Expenditure)</b>	<b>431.70</b>	<b>485.66</b>	<b>546.55</b>	<b>615.20</b>	<b>693.09</b>	<b>2772.20</b>
<b>II.</b>	<b>Misc. (Book Adjustment)</b>						
1	Book Adjustment	4.49	4.49	4.49	4.49	4.49	<b>22.45</b>
	<b>Total (Book Adjustment)</b>	<b>4.49</b>	<b>4.49</b>	<b>4.49</b>	<b>4.49</b>	<b>4.49</b>	<b>22.45</b>
	<b>Total ( Establishment Expenditure) (I + II)</b>	<b>436.19</b>	<b>490.15</b>	<b>551.04</b>	<b>619.69</b>	<b>697.58</b>	<b>2794.65</b>
	<b>Grand Total Outlay For KVIC</b>	<b>1037.96</b>	<b>1152.75</b>	<b>1338.85</b>	<b>1528.64</b>	<b>1711.57</b>	<b>6769.78</b>

## Annexure – II

**Physical and financial targets fixed and achievements made during the financial years 2017-18, 2018-19, 2019-20 and 2020-21 and the break-up of the same year-wise**

### a) 2017-18

S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2017-18	Disbursement	Target	Achievement	
1	Modified Market Development Assistance (MMDA)	308.31	172.60	i. No. of Khadi Institutions- 1798	i. No. of Khadi Institutions- 1439	According to the MMDA guidelines the KIs which are producing Govt. supply varieties are not entitled to avail MMDA benefit. Few of the KIs which are producing Khadi but not availing MMDA benefit besides newly enrolled KIs have been given target. Due to difficulties in availing Working Capital from banks under ISEC scheme thereby they could not start the Khadi activities. These are the reasons attributed that the No. of KIs to whom target allocated is more than the No. of KIs availed MMDA benefit.
2	Interest Subsidy Eligibility Certificate (ISEC) for Khadi & Polyvastra	38.00	39.12*	No. of Khadi Institutions- 1596	No. of Khadi Institutions- 1163	The details are placed at <b>Annexure - A.</b>
3	Khadi Grant (Workshed ..., Strengthening..., AABY)	19.36	23.51*	i. Workshed Scheme for Khadi Artisans No. of artisans	i. Workshed Scheme for Khadi Artisans No. of artisans	i. Workshed scheme - The Targets were achieved during FY- 2017-18

S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2017-18	Disbursement	Target	Achievement	
				benefitted - 1825  ii. Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure: No. of weak Khadi Institutions -35 and No. of sales outlets renovated – 49	benefitted - 1825  ii. Strengthening of Infrastructure of Existing Weak Khadi Institutions No. of weak Khadi Institutions -35 and No. of sales outlets renovated – 49	ii. Strengthening of Infra... - The Targets were achieved during FY-2017-18
4	Village Industries (VI) Grant (CB, FBI, MBI, Marketing)	74.78	71.55	i. Capacity Building No. of persons to be Trained 106000  ii. Forest Based Industries (Honey Mission) No. of Bee boxes distributed	i. Capacity Building No. of persons trained- 1,14,916 (including EDP for PMEGP)  ii. Forest Based Industries (Honey Mission) No. of Bee boxes distributed –	i. Targets were achieved during the FY-2017-18  ii. FBI-97% of the target was achieved during FY-2017-18



S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2017-18	Disbursement	Target	Achievement	
				<p>– 14350 and No. of persons benefited - 1435</p> <p>ii. Mineral Based Industries (Kumhar Sashktikaran Programme) No. of Electric potter wheel distributed – 1160</p> <p>iv. Marketing - No. of Exhibitions - 26 and No. of Events -28</p>	<p>13505 and No. of persons benefited - 1384</p> <p>iii. Mineral Based Industries (Kumhar Sashktikaran Programme) No. of Electric potter wheel distributed – 1120</p> <p>iv. Marketing - No. of Exhibitions - 19 No. of Events - 34</p>	<p>iii. MBI-Few Field offices of KVIC has refunded the funds to Central Office, KVIC</p> <p>iv. KVIC supports the KVI institutions/units in the marketing of the KVI products produced by them. Marketing is a supporting activity in order to provide a platform to these KVI institutions to sell their products at National and International levels. The targets set for exhibitions and events are tentative in nature.</p>
5.	Khadi & V.I (S&T)	-	1.61*	S&T (Khadi) - 10 S&T (VI) - 17	S&T (Khadi) -10 S&T (VI) - 04	The maximum limit of the project is Rs. 15.00 lakh which is inadequate as per the present scenario. Thus, the premier R&D institutes are reluctant to submit R&D proposals. This was also one of the

S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2017-18	Disbursement	Target	Achievement	
						recommendations given by the M/s Mott MacDonald, Mumbai when they have conducted the evaluation study for this scheme (the same is placed under Point No. 10 in the draft EFC).

\* Excess expenditure met out of the available opening balance

**b) 2018-19**

S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2018-19	Disbursement	Target	Achievement	
1	Modified Market Development Assistance (MMDA)	151.31	303.81 *	i. No. of Khadi Institutions -1756	i. No. of Khadi Institutions- 1366	According to the MMDA guidelines the KIs which are producing Govt. supply varieties are not entitled to avail MMDA benefit. Few of the KIs which are producing Khadi but not availing MMDA benefit besides newly enrolled KIs have been given target. Due to difficulties in availing Working Capital from banks under ISEC scheme thereby they could not start the Khadi activities. These are the reasons attributed that the No. of KIs to whom target allocated is more than the No. of KIs availed MMDA benefit.
2	Interest Subsidy Eligibility Certificate (ISEC) for Khadi & Polyvastra	38.06	34.87	No. of Khadi Institutions - 1263	No. of Khadi Institutions- 1225	The details are placed at <b>Annexure - A.</b>
3	Khadi Grant (Workshed..., Strengthening ..., AABY)	27.85	22.06	i. Work-shed Scheme for Khadi Artisans No. of artisans benefitted – 1286	i. Work-shed Scheme for Khadi Artisans No. of artisans benefitted – 1179	i. Work-shed scheme - Financial assistance extended under Work-shed scheme is inadequate for construction of worksheds and hence some of the artisans are not coming forward to avail the benefit under Work-shed Scheme. This was also one of the recommendations given by the M/s Mott MacDonald, Mumbai

S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2018-19	Disbursement	Target	Achievement	
				ii. Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure: No. of weak Khadi Institutions -30 and No. of sales outlets renovated – 62	ii. Strengthening Infrastructure of Existing Weak Khadi Institutions No.of weak Khadi Institutions - 26 and No. of sales outlets renovated - 61	when they have conducted the evaluation study for this scheme (the same is placed under Point No. 10 in the draft EFC).  ii. Under Strengthening of Infra. of Existing Weak Khadi Institutions scheme 87% target was achieved during FY-2018-19 and under Assistance for Marketing Infrastructure scheme 98% target was achieved during FY-2018-19.
4	Village Industries (VI) Grant (CB, FBI, MBI, Marketing)	58.36	53.37	i. Capacity Building No. of persons trained 96000	i. Capacity Building No. of persons Trained - 135906 persons (including EDP for PMEGP)  ii. Forest Based	i. Targets were achieved during the FY-2018-19 under Capacity Building

S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2018-19	Disbursement	Target	Achievement	
				<p>ii. Forest Based Industries (Honey Mission) No. of Bee boxes distributed - 131500 and No. of persons benefited - 13150</p> <p>iii. Mineral Based Industries (Kumhar Sashaktikaran Programme) No. of Electric potter wheel distributed - 6716</p> <p>iv. Marketing No. of Exhibitions - 44 No. of Events - 24</p>	<p>Industries (Honey Mission) No. of Bee boxes distributed - 95726 and No. of persons benefited - 9636</p> <p>iii. Mineral Based Industries (Kumhar Sashaktikaran Programme) No. of Electric potter wheel distributed - 6555</p> <p>iv. Marketing No. of Exhibitions - 28 No. of Events - 24</p>	<p>ii. FBI- Out of total physical target of distribution of 131500 bee-colonies a target for distribution of 53000 bee-colonies was assigned to North Eastern Zone. The NEZ could not achieve the whole target due to non-availability of Apis Cerena bee species in sufficient quantity and shortage of technical staff in NEZ.</p> <p>iii. MBI - 161 no. of electric potter wheels has been carry forwarded to next financial year i.e. 2019-20 due to fag-end year.</p> <p>iv. KVIC supports the KVI institutions/units in the marketing of the KVI products produced by them. Marketing is a supporting activity in order to provide a platform to these KVI institutions to sell their products at National and International levels. The targets set for exhibitions and events are tentative in nature.</p>

S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2018-19	Disbursement	Target	Achievement	
5.	Khadi & V.I (S&T)	2.50	1.58	S&T (Khadi) - 09 S&T (VI) - 10	Khadi (S&T) - 08 V.I (S&T) - 08	The maximum limit of the project is Rs. 15.00 lakh which is inadequate as per the present scenario. Thus, the premier R&D institutes are reluctant to submit R&D proposals. This was also one of the recommendations given by the M/s Mott MacDonald, Mumbai when they have conducted the evaluation study for this scheme (the same is placed under Point No. 10 in the draft EFC).

\* Excess expenditure met out of the available opening balance

c) 2019-20

S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2019-20	Disbursement	Target	Achievement	
1	Khadi Vikas Yojana	465.30	334.06	i. Workshed Scheme for Khadi Artisans No. of artisans benefitted - 1426	i. Workshed Scheme for Khadi Artisans No. of artisans benefitted - 1132	i. Work-shed scheme - Financial assistance extended under Work-shed scheme is inadequate for construction of worksheds and hence some of the artisans are not coming forward to avail the benefit under Work-shed Scheme. This was also one of the recommendations given by the M/s Mott MacDonald, Mumbai when they have conducted the evaluation study for this scheme (the same is placed under Point No. 10 in the draft EFC).
				ii. Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure: No. of weak KIs -50 and No. of sales outlets to be renovated - 75	ii. Strengthening of Infrastructure of Existing Weak Khadi Institutions No. of weak Khadi Institutions - 43 and No. of sales outlets renovated - 37	ii. Under Strengthening of Infra. of Existing Weak Khadi Institutions scheme 86% target was achieved during FY-2019-20. Under Assistance for Marketing Infrastructure scheme there is a shortfall in achieving the targets due to restrictions imposed due to spread of COVID-19 Pandemic.



S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2019-20	Disbursement	Target	Achievement	
				iii. Rojgar Yukt Gaon No. of Villages -50	iii. Rojgar Yukt Gaon No. of Villages -under process	iii. In view of facts narrated under Point No. 10 in the draft EFC, it is proposed that RYG scheme does not appear to be feasible and hence it may be discontinued w.e.f. FY 2021-22.
				iv. Modified Market Development Assistance No. of Khadi Institutions - 1705	iv. Modified Market Development Assistance No. of Khadi Institutions - 1239	iv. According to the MMDA guidelines the KIs which are producing Govt. supply varieties are not entitled to avail MMDA benefit. Few of the KIs which are producing Khadi but not availing MMDA benefit besides newly enrolled KIs have been given target. Due to difficulties in availing Working Capital from banks under ISEC scheme thereby they could not start the Khadi activities. These are the reasons attributed that the No. of KIs to whom target allocated is more than the No. of KIs availed MMDA benefit.
				v. ISEC (Khadi & Polyvastra)- 1370 and No. of Khadi Institutions – 1300	v. ISEC (Khadi & polyvastra) No. of Khadi institutions – 1289	v. The details are placed at <b>Annexure - A.</b>

S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2019-20	Disbursement	Target	Achievement	
				vi.Science & Technology (Khadi) No. of R&D project - 10	vi.Science & Technology (Khadi) No. of R&D projects - 04	vi. The maximum limit of the project is Rs. 15.00 lakh which is inadequate as per the present scenario. Thus, the premier R&D institutes are reluctant to submit R&D proposals. This was also one of the recommendations given by the M/s Mott MacDonald, Mumbai when they have conducted the evaluation study for this scheme (the same is placed under Point No. 10 in the draft EFC).
				vii.Marketing No. of Exhibitions - 49 and No. of Events - 43	vii.Marketing No. of Exhibitions - 36 and No. of Events - 57	vii. KVIC supports the KVI institutions/units in the marketing of the KVI products produced by them. Marketing is a supporting activity in order to provide a platform to these KVI institutions to sell their products at National and International levels. The targets set for exhibitions and events are tentative in nature.

S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2019-20	Disbursement	Target	Achievement	
2.	Gramodyog Vikas Yojana	82.92	83.09*	<p>i. Forest Based Industries (Honey Mission) No. of Bee boxes distributed with bee hives- 20000 No. of families artisans benefited – 2000</p> <p>ii. Mineral Based Industries (Kumhar Sashktikaran Prog.) No. of Electric potter wheel distributed 6980 No. of employment generated- 27920</p> <p>iii. Polymer &amp; Chemical Based Industries (Leather craft Artisans Empowerment Programme) No. of Tool</p>	<p>i. Forest Based Industries (Honey Mission) No. of Bee boxes distributed with bee hives- 28978 No. of artisans benefited – 2920</p> <p>ii. Mineral Based Industries (Kumhar Sashktikaran Prog.) No. Of Electric potter wheel distributed – 6880 No. of employment generated – 27520</p> <p>iii. Polymer &amp; Chemical Based Industries (Leather craft Artisans Empowerment Programme) No. of Tool</p>	<p>i. The targets under Honey Mission were achieved during the FY 2019-20</p> <p>ii. MBI - The gap in achieving the target for the year 2019-20, i.e. distribution of 100 no. of electric pottery wheels, was achieved during the COVID-19 period in the financial year 2020-21. Hence, there is no shortfall in achieving the targets.</p> <p>iii. The programme was introduced during the FY-2019-20 however, the programme was revised and a new programme was introduced i.e. Training &amp; Manufacturing of Footwear for SHG, but due to Covid19 the same could not</p>

S. No.	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2019-20	Disbursement	Target	Achievement	
				kits distributed - 9800. No. of persons benefited - 9800	kits distributed - 2162 No. of persons benefited - 2162	be implemented.
				v. Science & Technology (Village Industries) No. of projects - 09	iv. Science & Technology (Village Industries) No. of projects - 06	iv. The maximum limit of the project is Rs. 15.00 lakh which is inadequate as per the present scenario. Thus, the premier R&D institutes are reluctant to submit R&D proposals. This was also one of the recommendations given by the M/s Mott MacDonald, Mumbai when they have conducted the evaluation study for this scheme (the same is placed under Point No. 10 in the draft EFC).
				v. Capacity Building No. of persons Trained - 115800	v. Capacity Building No. of persons Trained 112686 (including EDP for PMEGP)	v. Due to Lockdown training programme could not be completed.

\* Excess expenditure met out of the available opening balance

**d) FY 2020-21**

S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2020-21	Disbursement	Target	Achievement	
1	Khadi Vikas Yojana	258.44	211.60	<p>i. Workshed Scheme for Khadi Artisans No. of artisans benefitted - 833</p> <p>ii. Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure : No. of weak Khadi Institutions - 50 and Nil target for renovation of sales outlets as no separate fund allocated for this activity.</p> <p>iii. Rojgar Yukt Gaon - No. of Villages -50</p> <p>iv. Modified Market Development Assistance - No. of Khadi Institutions - 1239 and No. of Artisans -</p>	<p>i. Workshed Scheme for Khadi Artisans No. of artisans benefitted - 833</p> <p>ii. Strengthening Infrastructure of Existing Weak Khadi Institutions No. of weak Khadi Institutions -50 and No. of sales outlets renovated - 20</p> <p>iii. Rojgar Yukt Gaon - No. of villages - under process</p> <p>iv. Modified Market Development Assistance - No. of Khadi Institution</p>	<p>i. Under workshed scheme for Khadi artisans - 50% amount released as First instalment.</p> <p>ii. Under Strengthening Infrastructure of Existing Weak Khadi Institutions for Khadi artisans - 50% amount released as First instalment to the eligible KIs.</p> <p>iii. In view of facts narrated under Point No. 10 in the draft EFC, it is proposed that RYG scheme does not appear to be feasible and hence it may be discontinued w.e.f. FY 2021-22.</p> <p>iv. According to the MMDA guidelines the KIs which are producing Govt. supply varieties are not entitled to avail MMDA benefit. Few of the KIs which are</p>

S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2020-21	Disbursement	Target	Achievement	
					s - 1058 and No. of Artisans - 124000	producing Khadi but not availing MMDA benefit besides newly enrolled KIs have been given target. Due to difficulties in availing Working Capital from banks under ISEC scheme thereby they could not start the Khadi activities. These are the reasons attributed that the No. of KIs to whom target allocated is more than the No. of KIs availed MMDA benefit.
				v. ISEC (Khadi & Ployvastra) No. of Khadi Institutions - 1370	v. ISEC (Khadi & products No. of Khadi institutions - 1002	v. The details are placed at <b>Annexure - A.</b>
				vi. Science & Technology (Khadi) No. of R&D project - 5	vi. Science & Technology (Khadi) No. of R&D project under process - 01	vi. Suitable number of projects could not be received due to COVID-19 Lockdown. The number of projects received so far is under process, scrutiny, modifications, revisions, etc. It is expected to sanction suitable number of projects against the target before end of the Financial Year.
				vii. Marketing- No. of Exhibitions - 16 and No. of Events - 38	vii. Marketing - No. of Exhibitions - 9 and No. of Events - 4	vii. KVIC supports the KVI institutions/units in the marketing of the KVI products produced by them. Marketing is a supporting activity in order to provide a

S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2020-21	Disbursement	Target	Achievement	
						platform to these KVI institutions to sell their products at National and International levels. The targets set for exhibitions and events are tentative in nature. As aware, various Marketing Interventions are customer centric, deeply affected by the restrictions imposed due to COVID 19 protocols. Exhibitions, Trade fairs are major events totally suspended due to social distancing/crowding restrictions imposed by Local Bodies.
	Gramodyog Vikas Yojana	37.35	41.97*	<p>i. Forest Based Industries (Honey Mission) No. of Bee boxes distributed with bee hives- 20500 and No. of artisans benefited – 2050</p> <p>ii. Mineral Based Industries (Kumhar Sashktikaran Prog.) No. of Electric potter wheel distributed – 6380 and No. of employment generated -25520</p> <p>iii. Pilot project of</p>	<p>i. Forest Based Industries (Honey Mission) No. of Bee boxes distributed with bee hives- 3900 and No. of artisans benefited – 390</p> <p>ii. Mineral Based Industries (Kumhar Sashktikaran Prog.) No. of Electric potter wheel distributed – 2300 and No. of employment generated -</p>	<p>i. FBI-The Operational Guidelines duly approved by Ministry was received on 10th September 2020 after which Physical and Financial targets were communicated to field offices. The field offices have accelerated the process of implementation of programme in order to achieve the targets.</p> <p>ii. The Ministry has approved the Operational Guidelines for the year 2020-21 on 10th September 2020 under MBI stating that the Programme should be implemented through SHGs.</p>



S. No .	Name of Schemes	Financial		Physical		Reasons for shortfall
		RE 2020-21	Disbursement	Target	Achievement	
				Repairing / Manufacturing of Footwear on vertical of Footwear of Leather and Plastic under G.V.Y. No. of Tool kits distributed - 550 No. of persons benefited - 550	9200  iii. No. of Tool kits distributed - 310 No. of persons benefited - 310	iii. The Operational Guidelines for the year 2020-21 were approved by Ministry on 2 <sup>nd</sup> February 2021. Accordingly, fund is being allocated.
				iv. Science & Technology (Village Industries) No. of project -14	iv. Science & Technology (Village Industries) No. of projects under process - 01	iv. Suitable number of projects could not be received due to COVID-19 Lockdown. The number of projects received so far is under process, scrutiny, modifications, revisions, etc. It is expected to sanction suitable number of projects against the target before end of the Financial Year.
				v. Capacity Building No. of persons Trained – 86,407	v. Capacity Building No. of persons Trained - 38,011 (including EDP under PMEGP)	v. Since the Training Institutions were closed for five months (appr.) under lockdown due to COVID-19 and some of the Training Institutions are yet to start the training programmes.

\* Excess expenditure met out of the available opening balance

**REASONS FOR NON-AVAILMENT OF 100% OF ISEC ISSUED BY KVIC BY KIs**

- i. KVIC and banks were following different methods of assessing the working capital requirements of the KIs.
- ii. It found that the method adopted by the KVIC was time tested and also appropriate for the purpose. The method adopted by the banks was also based on the RBI instructions applicable for MSE sector.
- iii. KVIC is assessing the Working Capital based on the target fixed on Production, Retail Sales, Wholesales, Vastragar, Raw Material and processing only. Whereas, the banks are considering available opening inventory level of finished goods and credit facilities being extended by the trade creditors also.
- iv. Besides RBI guidelines each individual banks have issued internal guidelines also for assessment of working capital based on the turn over with institution's contribution.
- v. The recycling of working capital (i.e. operating cycle) is being assessed @ 16 months by KVIC, whereas the banks are calculating at maximum of 4 months as applicable for other Textile Industries.
- vi. Bankers are mostly considering for fixing the C.C. limit @ 20% on the total turnover of the Khadi Institutions as that of extending loan facilities to the private / commercial establishments.
- vii. Bankers are expecting to realize sundry debtor's dues by 90 days.
- viii. Bankers are insisting to maintain stock on hand 130% on the C.C. limit fixed by them.
- ix. The banks are also insisting for collateral security for some cases and failure to furnish by the KIs are also results in lesser availment.

### **What facilitation can be provided under these schemes to improve the desired results?**

- Introducing more innovative programme like ‘Footwear Manufacturing’ by traditional artisans, Pilot Project of Agarbatti Industry which aims to increase production capacity of Artisans by providing training through Professionals or Centre of Excellence (CoE) and distribute tools and machines to enhance their income, in order to build self sufficiency in the country.
- Efforts to be made to bring new and innovative village industries products through transfer of better technology (Lab to Land) so that more and more self-employment avenues to be created for the rural women and educated unemployed youth.
- Centers of Excellence (CoE) to be set up for working on different Village Industries verticals of the economy in the country as these centers are well aware of the focus areas for value addition to products and training of people in the related fields.
- Provide more awareness about these schemes through media publicity and workshops, awareness camps etc. which can be conducted to achieve the results and attract more rural artisans to take up the Khadi programme.
- Rates of assistance for participation in exhibitions under the International Co-operation Scheme may be enhanced to attract more number of participants thereby enabling them to canvass more export orders through participation in the international events.
- Vigorous marketing efforts are also to be made abroad in association with Indian Embassies, High Commissions, Trade Associations, etc.

### Annexure – III (Recommendations of Evaluation Study)

S. No.	Recommendations given by Mott MacDonald	Reasons for acceptance/non-acceptance
I.	<b>Market Promotion and Development Assistance (MPDA)</b>	
i.	Flexibility may be provided by suitable modifications in guidelines to allow KIs in deciding usage of MMDA funds under various heads.	This was experimented earlier, but all the institutions were taken advantage of the flexibility and entire portion was used only for the sales promotion. Therefore, the present system may continue.
ii.	Appointment of design consultants for Khadi product development by KIs may be promoted as the same has positive impact on sales.	It is a good suggestion. May be accepted. KVIC may issue direction to KIs to implement recommendations.
iii.	Banks may be consulted to create “Zero Balance / No Frills” accounts for artisans. Many artisans face a problem pertaining to minimum balance criteria of bank account. Also, the bank accounts have become dormant due to no transaction since long. Majority of the artisans’ earnings are low and the bank deduce charges in different heads like SMS charges, Minimum balance charges etc. Hence, the incentives received do not actually realize/benefit the artisans.	The recommendation is out of purview of the KVIC. However, KVIC shall take up the matter with Bankers on this issue.
iv.	MMDA should also be provided to artisans of Khadi & Polyvastra products working under Rate Contract (RC) for the purpose of Government Supplies. This would help to remove disparity among artisans for which KVIC may look into.	<p>While notifying the guidelines of Modified Market Development Assistance (MMDA) by the Ministry vide OM dated 7<sup>th</sup> September, 2016 it was envisaged that ‘Production of Khadi and Polyvastra products for the purpose of Gov. Supplies under Rate Contract (RC) of DGS&amp;D to be made against the wholesale target approved by Standing Finance Committee (SFC) of KVIC is not eligible for MMDA, as these items are not sold through retail outlets. Hence, such items are not qualified for the MMDA support earmarked for retail sales activity’.</p> <p>In view of the above reason the Khadi artisans who are producing Khadi &amp; Polyvastra products under Rate Contract items are not covered under the ambit of MMDA.</p> <p>However, it is to state that the sequence of the production process for producing Non – RC items and RC items by the Khadi artisans are one and the same. But the MMDA</p>

S. No.	Recommendations given by Mott MacDonald	Reasons for acceptance/non-acceptance																														
		<p>artisan's incentive benefit is being extended only to the artisans engaged in Non RC items, thereby, there is a disparity prevails for the artisans of RC items.</p> <p>It is, therefore, requested to extend MMDA artisan's incentive benefit to the artisans of RC items also on par with the Non RC items artisans, so that there will be impact on their standard of living and also to provide equal benefit to all Khadi artisans.</p> <p>In order to remove the disparity among artisans this recommendation may be accepted.</p>																														
v.	Funding pattern along with other conditions stipulated in guidelines for various types of exhibitions may be relooked by KVIC considering current scenario in the States.	<p>The major objective of exhibitions is to create platform to establish better B2C and B2B interaction. Exhibitions are arranged as per the pattern of financial assistance covered under the 'Market Promotion and Development assistance (MPDA) guidelines issued by the Ministry. The pattern of assistance in force is more than ten years and on account of changing dynamics in the marketing industry so as for the exhibitions, it needs to be revised. To cop up with the present needs to arrange the program more effectively and efficiently to the best of customer satisfaction, following proposal is submitted:</p> <table><tr><th>S. No.</th><th>Level of the exhibition</th><th>Min. duration</th><th>Min. stalls</th><th>Existing pattern of assistance (Rs. in lakhs)</th><th>Revision proposed (Rs. in lakhs)</th></tr><tr><td>1</td><td>National</td><td>30 days</td><td>200 nos.</td><td>40.00</td><td>75.00</td></tr><tr><td>2</td><td>Zonal</td><td>20 days</td><td>100 nos.</td><td>25.00</td><td>40.00</td></tr><tr><td>3</td><td>State/special</td><td>15 days</td><td>75 nos.</td><td>10.00</td><td>20.00</td></tr><tr><td>4</td><td>Participation in exhibition/ev ents</td><td>-</td><td>-</td><td>2.00</td><td>5.00</td></tr></table> <p>Considering the inflation, the funding pattern under exhibitions needs to be revisited. The recommendation may be accepted.</p>	S. No.	Level of the exhibition	Min. duration	Min. stalls	Existing pattern of assistance (Rs. in lakhs)	Revision proposed (Rs. in lakhs)	1	National	30 days	200 nos.	40.00	75.00	2	Zonal	20 days	100 nos.	25.00	40.00	3	State/special	15 days	75 nos.	10.00	20.00	4	Participation in exhibition/ev ents	-	-	2.00	5.00
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vi.	KVIC may provide capacity building along with hand holding support in preparation of application, documentation and submission for sanction and release of scheme funds to reach end beneficiary.	This recommendation may be accepted and handholding support shall continue to be given through field offices of the KVIC in order to reach the benefits to end beneficiary. Field Offices are providing handholding support to all KIs on the schemes. This is a continuous process.																														

<b>S. No.</b>	<b>Recommendations given by Mott MacDonald</b>	<b>Reasons for acceptance/non-acceptance</b>
vii.	Awareness about flexibility for usage of funds under different heads should be spread across all the KIs.	The recommendations may be accepted and KVIC shall create awareness on the scheme guidelines.
viii.	Considering effectiveness of the scheme on various parameters, the agency recommends continuation of this scheme	<p>The scheme is designed to provide necessary assistance to Khadi institutions and Artisans. The scheme has helped KI's to develop enough working infrastructure and increase their overall production as well as sales.</p> <p>MMDA extends immense support for further development by way of encouraging artisans by providing incentives and extending discount on sale of Khadi and other allied marketing support by modernizing existing sales outlets, engaging designers etc. Also, providing additional source of income to nearby rural and local artisans</p>

<b>S. No.</b>	<b>Recommendations given by Mott MacDonald</b>	<b>Reasons for acceptance/non-acceptance</b>
<b>II.</b>	<b>Interest Subsidy Eligibility Certificate Scheme (ISEC)</b>	
i.	KVIC may consider relook at the present methodology for estimation of ISEC value for KI. There must be uniformity between methodology used by KVIC to issue ISEC certificate and working capital calculation methodology adopted by banks, to reduce the gap between ISEC being certified by KVIC and working capital amount sanctioned by banks. KVIC issues ISEC certification to Khadi Institutions considering the production, retail sales target etc, less available funds in form of Internal accruals, Loans from KVIC/ KVIB and Consortium Bank Credit (CBC) to arrive at Net Eligibility of working capital. However, during discussion with Banks, it was found that banks assess working capital requirement of MSME units based on “minimum 20% of Turnover Method” or	The working capital formula has been formulated by KVIC after due consultation with all the stakeholders. There is a need to take up this issue with RBI to issue policy guidelines to all banks to accept the methodology adopted by KVIC for financing to KIs on working capital.

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	<p>“operating Cycle Method”. It is to be noted that there are also other methods used to calculate working capital for MSME sector. Choosing the method of calculating working capital is within the discretion of the banks.</p>	
ii.	<p>There must be a common single current account for KI's benefited under ISEC through which all the KI's transactions have to be routed. This would make it easier for banks to track the performance of the KI's in real time.</p>	<p>May be accepted because it will help proper monitoring and implementing of the scheme for tracking of the beneficiaries.</p>
iii.	<p>More awareness among bank officials to be spread about the scheme and its features. Bank officials are generally not aware about the production cycle of Khadi and working pattern. Therefore, KVIC may organize time to time seminars or campaigns (Quarterly or Bi-annually) by inviting all the corresponding bank officials of the region to educate them about various features of the scheme. State / Divisional offices may play an important role for the same.</p>	<p>May be accepted so that the scheme would be popularized among Bank official's awareness about ISEC scheme of Khadi and working pattern, etc.</p>
iv.	<p>KVIC may provide capacity building along with hand holding support in preparation of application, documentation and submission for sanction and release of scheme benefits to reach end beneficiary.</p> <p>The agency has recommended for continuation of this scheme for the benefit of KVI artisans</p>	<p>May be accepted so as to popularize hand holding support to the beneficiaries in smooth implementation of the scheme to reach to the beneficiary.</p>
v.	<p>Considering effectiveness of the scheme on various parameters, MM recommends continuation of the scheme.</p>	<p>The key objective of the program is to ensure liquidity to Khadi Institutions by tapping bank credit. It is found that 90% KI's, who have availed bank finance under ISEC scheme have informed that their liquidity position has</p>



S. No.	Recommendations given by Mott MacDonald	Reasons for acceptance/non-acceptance
		<p>improved. As a result, they are able to make timely payment for raw material procurement, artisan's wages and other production, distribution, sales expenses.</p> <p>There is no alternate scheme within KVIC other than ISEC scheme with interest subvention to avail credit/loan facility by the KIs and hence it is imperative to continue the scheme.</p>
<b>III.</b>	<b>Work-shed Scheme for Khadi Artisans</b>	
i.	<p>The cost of construction has increased over the years and the amount of benefits under the scheme have not been revised since 2015-16 and hence the same may be reviewed and revised for both individual and group work-sheds for Khadi artisans.</p>	<p>As per the extant guidelines, for individual workshed, the earmarked amount of Rs. 60000/- or 75% of the cost of workshed, whichever is less. For North Eastern Region, the same is Rs. 60000/- or 90% of the cost of workshed, whichever is less.</p> <p>Similarly, for group workshed, the earmarked amount of Rs. 40000/- or 75% of the cost of workshed, whichever is less. For North Eastern Region, the same is Rs. 40000/- or 90% of the cost of workshed, whichever is less.</p> <p>In so far as adherence of GFR provision is concerned, while executing the programme at the artisan level through concerned Khadi Institution the GFR provision is taken care.</p> <p>The existing assistance provided under both individual and group work-sheds should be revisited in order to provide the suitable amount as assistance to the Khadi Artisans taking this programme for construction of workshed.</p>
ii.	<p>All artisans do not own land in their own names, land ownership of close relatives with necessary legal documentation like permission of usage, NOC Certificate in presence of Gram Pradhan for which specified contract period may be allowed for construction of work-shed.</p>	<p>This is a typical situation which most of the artisans have to face. As they do not own land in their own names they are not able to avail benefit under this scheme.</p> <p>This recommendation may be accepted by doing some basic background check.</p>
iii.	<p>Other than BPL Card and duration of association, optional criteria of historical performance of artisans and actual need may also be considered for selection of beneficiary under the scheme.</p>	<p>This recommendation may be accepted.</p>
iv.	<p>KVIC may provide capacity building along with hand holding support in preparation of</p>	<p>This recommendation may be accepted and handholding support shall continue to be given through field offices of the KVIC in order to reach the benefits to end</p>

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IV.	Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure																																																													
i.	Amount of assistance provided for revival of weak KIs under the scheme may be revised and increased as per the present requirement.	<p>This scheme was formulated in the year 2009 and the assistance provided under the different heads has not been revised since. With the inflation in economy during these years there has been increase in associated costs as well.</p> <p>The scheme is being implemented with effect from 07.08.2009 with the earmarked financial assistance as mentioned below.</p> <table><tr><th>Sr. No.</th><th>Component</th><th>Cost</th><th>Total Cost</th></tr><tr><td>I)</td><td>Preliminary and pre-operative expenditure</td><td></td><td>Rs. 0.25 lakh</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></td><td>Rs. 3.50 lakh</td></tr><tr><td>1.</td><td>Repairs and overhauling</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></td><td>Rs.6.15 lakh</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 interest to the bank loan for renewal wherever required</td><td>Rs. 0.75 lakh</td><td></td></tr><tr><td>5.</td><td>Provision for engaging profession expert</td><td>Rs. 0.50 lakh</td><td></td></tr><tr><td></td><td>TOTAL (I + II + III)</td><td></td><td>Rs. 9.90 lakh</td></tr><tr><td></td><td></td><td></td><td>Say Rs. 10.00 lakh</td></tr></table> <p>Since the same pattern of assistance is continuing for</p>	Sr. No.	Component	Cost	Total Cost	I)	Preliminary and pre-operative expenditure		Rs. 0.25 lakh	1.	Conducting feasibility study, preparation of an action plan and other incidental charges	Rs.0.25 lakh		II)	Capital Expenditure		Rs. 3.50 lakh	1.	Repairs and overhauling	Rs. 0.50 lakh		2.	Procurement of new implements – (Charkha & Loom)	Rs.2.00 lakh		3.	Repair of work shed/office/godown/sales outlets including furniture fixtures to make them functional	Rs. 1.00 lakh		III	Working fund		Rs.6.15 lakh	1.	Purchase of raw material	Rs.1.50 lakh		2.	Payment to artisans	Rs. 2.40 lakh		3.	Other production overheads such as Supervision,sales Distribution Expenditure, Procession and fabric conversion	Rs. 1.00 lakh		4.	Payment of statutory dues such as P.F. etc.,Payment of interest to the bank loan for renewal wherever required	Rs. 0.75 lakh		5.	Provision for engaging profession expert	Rs. 0.50 lakh			TOTAL (I + II + III)		Rs. 9.90 lakh				Say Rs. 10.00 lakh
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		<p>more than 10 years which needs to be revised on account of considerable hike of the cost of raw material, charkhas/looms etc.</p> <p>The financial support provided under the scheme is not sufficient, as per the present requirement, for revival of the weak institution as the support is required for the aspects. Looking into the increased cost of material and labour over the period, the amount of assistance under the scheme for revival of weak KIs may be reviewed and increased reasonably.</p> <p>Therefore, this recommendation may be accepted and the assistance may be revised as per the current requirement of the weak Khadi institutions.</p>
ii.	Benefits under the scheme may be extended to other non-performing KIs not falling under category C & D also.	This scheme is specifically for reviving old and existing Khadi Institutions, therefore the recommendation may be accepted with due diligence.
iii.	Assistance required depends on the objective of the concerned organization to make up the existing sales outlet. Hence, instead of standard fund allocation, evaluation of requirements may be done on case to case basis for each application.	The recommendation may not be accepted, because in-depth due diligence is required for identification of weak KIs before providing them assistance under the scheme. Funds allocated are inadequate due to cost escalation; the funding may be increased from Rs. 10.00 lakhs to Rs. 25.00 lakhs. Hence standard funds allocation may provide under this scheme within the ceiling.
iv.	More sales outlets may be provided benefits under the scheme (Including the rented sales outlets) for overall development of marketing infrastructure in order to improve the marketing of Khadi products and effective transformation of the Khadi sector.	May be accepted, necessary guidelines may be developed.
v.	KVIC may provide capacity building along with hand holding support in preparation of application, documentation and submission for sanction and release of scheme funds.	This recommendation may be accepted and handholding support shall continue to be given through field offices of the KVIC in order to reach the benefits to end beneficiary. Field Offices are providing handholding support to all KIs on the schemes. This is continuous process.
vi.	The agency has recommended	The scheme is designed very well to provide necessary

S. No.	Recommendations given by Mott MacDonald	Reasons for acceptance/non-acceptance
	for continuation of this scheme for the benefit of Khadi artisans	assistance to weak Khadi institutions. The scheme has helped weak KI's to develop enough working infrastructure and increase their overall production as well as sales. The growth of these weak Khadi institutions before taking up this scheme was stagnant. After receiving assistance under this scheme the overall growth in the production as well as sales has been observed. Therefore, the scheme may be continued.
<b>V.</b>	<b>Science &amp; Technology (Khadi &amp; Village Industries)</b>	
i.	The agency suggests prioritizing the projects which focus on overall development and enhancement of artisans.	This recommendation may be accepted. while selecting projects, only projects related to KVI sector are sanctioned
ii.	For some of the R&D projects which require high amount of investment, the ceiling of Rs. 15 Lakh is inadequate. Thus, some of the institutes are reluctant to submit proposals for certain projects. This may be looked into by KVIC.	This recommendation may be accepted. The revision of ceiling limit of Rs 15.00 lakh is under consideration.
iii.	A centralized communication system may be developed where all research personnel may collaborate/consult or aid each other in betterment of the study. The findings under the schemes may be made digitally available for all research and Khadi stakeholders or others interested to either use the knowledge to benefit society.	This recommendation may be accepted. A digital discussion platform may be developed and final findings of projects can be made digitally available after completion of project.
iv.	Implementation of new technology and methods may be made more robust at ground level with proper planning and reviews. KVIC may work on creating a robust mechanism for implementation of successful projects across sector. For example, distributions of products like 8 Spindle Charkhas, Solar Charkhas and other such products which have direct impact on performance of artisans and thereby earning	This recommendation may be accepted. After successful multi-location field trial the newly developed technology, methods and successful projects are implemented through dissemination projects by KVIC which have direct impact on performance of artisan's production efficiency and their earnings.

<b>S. No.</b>	<b>Recommendations given by Mott MacDonald</b>	<b>Reasons for acceptance/non-acceptance</b>
	ability.	
v.	Long term relations may be developed with centre of excellence like Indian Institute of Technology, Indian Institute of Science, Visveshvaraya National Institute of Technology etc. for continuous research on improvement of products/implements and development new products/implements.	This recommendation may be accepted in order to implement the scheme more effectively. S & T is working on developing long term relations with the centre of excellence/Technical Interface like Indian Institute of Technology, Indian Institute of Science, Visvesvaraya National Institute of Technology for continuous research on improvement of products/implements and development new products/implements.
vi.	The agency has recommended for continuation of this scheme.	<p>This scheme act as backbone for modernization of KVI technology infrastructure without affecting the existing elements of skill or personal interest of the artisans.</p> <p>Several projects funded under S&amp;T scheme improves efficiency, productivity, quality of KVI products alongwith increase in earnings of artisans and reducing the drudgery therefore, this scheme may be continued.</p>

## Observations of IFW and Action Taken thereon

S. No.	Observations of IFW	Comments
1	What were the physical/financial targets fixed for this scheme during the period from 2017-18 to 2020-21 and whether these targets were achieved. If not, what were the deficiencies in achieving the targets and whether the same have been addressed in the EFC note.	Details are at <b>Annexure - II</b>
2	The Budget Outlay for the scheme has been proposed as Rs. 6769.78 crore. Consent of Department of Expenditure/NITI Aayog would be required on the availability of budget.	No Comments
3	As per OM dated 08.12.2020 of DoE (para-2 xvii), the total projected outlay of the scheme should ordinarily be not more than 5.5 times of the actual of the total scheme expenditure for the FY 2019-20. KVIC may indicate the expenditure for last five years including 2019-20 in the body of the EFC note itself so as to ensure that this direction of DoE has been complied with or otherwise.	This has been explained in para - 5 of Part – ‘B’ of EFC note.
4	It has been indicated, under para-12 of EFC note, that there may be some convergence of the schemes with handicraft/handlooms of Ministry of Textiles and livelihood generation schemes of Ministry of Rural Development/ Ministry of Food Processing. As per para 2 (x) of aforesaid DoE OM, the proposal should reflect clear convergence for architecturing optimum deployment of resources. KVIC may, therefore, examine the similar schemes of other Ministries/Departments and explore the possibilities of merger /dropping of schemes with overlapping objectives.	No Comments
5	It has been observed that some sub-components of the schemes have been got evaluated by KVIC, as has been indicated under para-9 of the EFC note. However, no recommendation of the Evaluation Study Report has been brought out in the EFC note. KVIC may, therefore, be requested to prepare a table indicating the recommendations given by the Evaluation Study Report and whether these recommendations are being accepted or, otherwise with justification. After receiving this table, this Ministry may be able to give its observations further on the EFC note.	Placed at <b>Annexure – III.</b>

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