

**KHADI AND VILLAGE INDUSTRIES COMMISSION  
DIRECTORATE OF KHADI CO-ORDINATION  
3, IRLA ROAD, VILE PARLE (WEST), MUMBAI-56**

**No.DKC/MDA- POLICY/2010-11/**

**Date: 16-04-2010**

**C I R C U L A R**

**Sub:-Issue of guidelines on implementation of Market Development Assistance (MDA) Scheme for Khadi Polyvastra w.e.f. 01-04-2010 in place of Rebate Scheme- Regarding**

Reference is invited to the Circular of even number dated 1-4-2010 communicating Govt. of India's decision for introduction of Market Development Assistance ( MDA ) Scheme for Khadi & Polyvastra in place of previous rebate scheme w.e.f.01-04-2010 during two terminal years of the XIth Plan i.e. 2010-11 and 2011-12.

2. Ministry vide their letter No. G-25020/35/2005-KVI-I dated 12<sup>th</sup> April' 2010 have forwarded the guidelines on implementation of the MDA Scheme and requested to take all necessary steps for proper implementation of the scheme as per guidelines placed at Annexure and also extend adequate publicity to the scheme so that the institution and other stakeholders are suitably sensitized about the content and modalities of the scheme and to facilitate implementation of the scheme as well as availing the benefit smoothly.

3. Ministry also informed KVIC to take simultaneously the following actions:

- i) Submit a proposal for consideration of one time settlement of rebate towards liquidation of unsold closing stock as on 31-3-2010 for obtaining approval of the competent authority. While preparing the proposal for one time settlement care should be taken ensuring that the stock has been valued at current market prices only, so that soiled /obsolete items are not valued at historical costs.
- ii) KVIC has to devise a mechanism to prevent avoidable accumulation of stock after 31-3-2010 by providing suitable incentive/disincentives to the institutions to bring down their year-end closing stock.
- iii) To ensure that the institutions have the flexibility to fix the prices of Khadi and Polyvastra products and have freedom

to devise method to effect increase in sale and liquidate stock.

4. The action towards point No.(ii) & (iii), are being attended by the Directorate of Khadi Coordination. The State & Divisional Directors are requested to issue necessary communication to the institution to immediately arrange to take the closing stock physically and furnish stock report as on 31.03.2010 clearly indicating in the manner mentioned below and arrange to furnish to Central Office, KVIC, Mumbai by 31<sup>st</sup> May'2010

**Year-wise break-up of Closing stock as on 31.03.2010 (Value in Rs. Lakh, as per cost chart)**

Products Category	Closing Stock as on 31.03.2010	Break-up of the closing stock on the basis of year of production					
		Produced During 2009-10	Produced During 2008-09	Produced During 2007-08	Produced During 2006-07	Produced During 2005-06	Produced prior To 2005-06
(1)	(2)*	(3)	(4)	(5)	(6)	(7)	(8)
Cotton Khadi							
Silk Khadi							
Woollen Khadi							
Polyvastra							
<b>Total</b>							

\*Figure in Column (2) should be equal to the total of columns (3) to (8)

Care should also be taken so that the stock hold by the institution as on 31-3-2010 does not mix up with the stock under MDA regime.

5. Further, the stock statement as mentioned above, should be furnished with audit and verification note rendered by the Chartered Accountant. State/Divisional Offices may also arrange to get certain percentage of institutional stock verified and furnish report accordingly.

6. State and Divisional Directors are requested to convene a meeting with all departmental units of the KVIC under their jurisdiction and discuss all relevant issues of the guidelines so as to facilitate better understanding and smooth implementation of the scheme by Khadi and Polyvastra Producing Institutions.

**7. An acknowledgement indicating receipt of this Circular along with a plan of action for implementation of MDA may please be sent to Director ( KC ) under intimation to CEO's Cell.**

**(J.S.Mishra)**

**Encl: MDA Guidelines**

**CHIEF EXECUTIVE OFFICER**

**To**

- 1) All Director/Incharge of State & Divisional Offices, KVIC**
- 2) Chief Executive Officer/Secretary of all State KBI Board**

**Copy to:**

- 1. Jt. Secretary to Govt. of India, Ministry of MSME, Udyog Bhavan, New Delhi.**
- 2. All Members of the Commission.**
- 3. Chairman, Central Certification Committee, KVIC, Mumbai**
- 4. All Zonal Dy. Chief Executive Officer of KVIC for information and also to make available copy of the Circular to the Members of Zonal Committee and Zonal Certification Committee.**
- 5. Secretary to Chairperson, KVIC, Mumbai**
- 6. OSD to CEO, KVIC, Mumbai**
- 7. A.O. FA Cell, KVIC, Mumbai**
- 8. Chief Vigilance Officer, KVIC, Mumbai**
- 9. Joint Chief Executive Officer, KVIC, Mumbai**
- 10. Director (KPM/KRM/KD)**
- 11. Director (RID/NS)**
- 12. Director (Audit)**
- 13. Director (Accounts)**
- 14. Director (CCC) for information and also to make available copy of the Circular to all Members of CCC.**
- 15. Director(Finance)**
- 16. Director (Budget)**
- 17. Secretary to SFC Cell**
- 18. Director (Ec.R)**
- 19. Director (Mktg.) – for information and also make copy of the Circular available to all Departmental Sales Outlets.**
- 20. Director (IT) – for hosting the Circular on web site**
- 21. Director (Publicity) with a request to publish the Circular in the ensuing issue of Jagriti.**
- 22. Managers of all Central Sliver Plants**
- 23. Circular File**

**DIRECTOR (KHADI CO-ORDINATION)**

# **GUIDELINES OF THE MARKET DEVELOPMENT ASSISTANCE (MDA) ON PRODUCTION SCHEME TO BE IMPLEMENTED WITH EFFECT FROM 01.04.2010**

## **1 Background**

1.1 Khadi is handspun and hand woven cloth made by around a million traditional rural artisans. Handspun and hand woven characteristic is the Unique Selling Proposition of Khadi. Govt. of India has been providing sales promotional assistance, popularly known as rebate on the retail sale value of khadi in order to facilitate the product to compete with other textile products in the market.

1.2 The rebate scheme provides discount on khadi and polyvastra at retail point. It has two components viz. Normal and Special. Normal rebate is extended at a flat rate of 10% throughout the year on khadi items except reeled silk. Special rebate is extended at a rate of 10% on all khadi items for 108 days, coinciding with local festivals, in a year in addition to normal rebate.

1.3 The rebate scheme has been studied by several committees to assess its effectiveness in increasing sale of khadi. Based on the recommendations of these Committees, Govt. of India decided to introduce the scheme of Market Development Assistance on Production in place of rebate after experimenting with several pilot schemes. The scheme will become effective from 1<sup>st</sup> April 2010. The scheme will help Khadi sector to reorient their activities extending adequate emphasis towards increasing artisans' earnings as well as ensuring quality of khadi to customers.

### **1.4 Salient features of the MDA scheme :**

1.4.1 The cost chart will continue only for the purpose of calculating value of production of raw khadi up to 'Wet Processing' stage to serve as the basis of calculating MDA thus, decontrolling and de-linking the sales price from the cost chart in the MDA scheme and offering scope to the institutions to add value to Khadi so that the products can be sold at market determined price. In short, the scheme offers scope for dynamic pricing for Khadi and Polyvastra products.

1.4.2. The scheme of MDA on Production aims at uniform distribution of sales throughout the year unlike the existing rebate scheme where most of the sale takes place during the special rebate season of 108 days.

1.4.3. A well-dispersed sale spread over the year would help Khadi Institutions to keep inventory levels down, thereby offering greater scope for mobilization of required working capital.

1.4.4 A fixed portion of MDA assistance will go directly to the artisans as special incentive/bonus and increase their earnings.

1.4.5. Institution-wise target for production under MDA scheme will be decided through a transparent system of State Level Budgeting exercise and sanctioned by Standing Finance Committee of KVIC.

1.4.6. MDA will be released on quarterly basis against claims to be submitted by the institutions.

1.4.7 MDA is being proposed only for the remaining two years (2010-11 and 2011-12) of the XI Five Year Plan, after which two systems of incentives, namely, Production Incentive to be worked out under the Khadi Reform and Development Programme ( KRDP ) and MDA would be integrated based upon the impact study of Production Incentive. MDA would not be biased towards high-value segment of the Khadi market and the Khadi institutions would have the flexibility to produce what the market wanted. An institution availing Production Incentive will not be eligible for MDA at the same time.

## **2 Definition of MDA**

MDA on Production is an assistance proposed to be provided on cost of production of Khadi and polyvastra achieved by the certified Khadi institutions. The Khadi institutions, having valid Khadi certificate and categorized as A+, A, B and C, are only eligible to avail MDA grant from KVIC.

## **3 Rate of MDA**

MDA shall be allowed @ 20% 'on cost of production of Khadi (Cotton, Silk, Woollen) and Polyvastra to the extent of production target approved by the Standing Finance Committee (SFC) of KVIC for the year.

## **4 Definition of Production**

4.1 The Khadi production activity is a composite activity of spinning, weaving and wet processing of khadi encompassing cost of raw material, hand spinning by registered spinners and weaving on handloom by registered weavers including spinners / reelers and weavers wages / conversion charges and provision for their social security measures, wet processing (bleaching, dyeing, finishing, printing) etc. **Conversion of Khadi cloth into ready to**

**wear and ready to use items will not constitute cost of production.**

#### 4.2 **Cost of Production**

The Cost of production in the context of Khadi and Polyvastra for the purpose of MDA includes the following:

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

**A comparison on the Component of Rebate and MDA is shown at Annexure- 'A'**

#### **Note:**

- The value addition charges for conversion of cloth into readymade, embroidery etc., shall not be included in the cost of production, as the market forces would determine prices of such value added products.
- **Producing Institution** for the purpose of MDA will mean the institution engaged in the activity of production of Khadi.
- **Selling Institution** or sales outlets including departmentally run units of KVIC and KVIBs for the purpose of MDA will mean the institutions engaged in the activity of selling of Khadi purchased from producing institutions.
- **Composite Institutions** will mean the institutions engaged in the activity of producing and selling of Khadi.
- Composite institutions can also purchase Khadi from exclusive producing institutions and they can also sell Khadi to Selling institutions.

- The formula for calculation of MDA based on production in the context of khadi will also be applicable for polyvastra.

\* As regards the permissible provision, the existing guidelines of KVIC stipulates provision @ 3%, 4% and 1% **on the prime cost** for trade expenses, bank interest, insurance respectively.

\*\* The term allowable margin means the margin permitted by the Central Certification Committee of KVIC to meet the establishment expenditure. As per the existing guidelines, the establishment margin permitted for Cotton Khadi is 20% on the prime cost. The same for Muslin, Wool and Silk is 25%. For polyvastra the allowable margin is also 25% of the prime cost.

- The **prime cost** means the cost of raw material **plus** conversion charges up to grey cloth **plus** processing charges **but DOES NOT** include provision for trade expenses ( 3% ), bank interest ( 4% ), insurance (1%) and provision for establishment expenditure as given costing structure of KVIC.

## **5 Mechanism and purposes for utilization of MDA Grant**

5.1 The MDA on production scheme offers flexibility to Khadi institutions to go for need based utilization of funds towards verifiable and tangible interventions and the activities for improving the earning of artisans and also to improve the market for khadi and polyvastra. Accordingly, the proposed MDA @ 20% of the cost of production of Khadi and Polyvastra shall be apportioned among the artisans, khadi producing institution and selling institution as detailed below:

5.2 The total amount of MDA on production will be claimed by the producing institution from the KVIC and will be distributed amongst the stake holders viz. spinners and weavers, producing institutions and selling institutions in the ratio 25%, 30% and 45% respectively.

5.3 25% of total MDA amount shall be passed on to the spinners and weavers in the form incentive or 'bonus' through their bank or post office accounts, in addition to their normal earnings as prescribed in the cost chart. Such additional wages out of MDA grant should not be included in the cost of Khadi.

5.4 The above 25% of MDA amount cannot be used for extending assistance to the workers who are employees of the institutions

and engaged to over see the production activity and sales/marketing accounts etc...

5.5 30% of total MDA amount will be utilized by Khadi producing institutions towards implements/training/capacity building.

5.6 The producing institution will transfer the 45% of total MDA amount, ear marked for selling institutions as per the scheme, to the selling institution at the time of whole sale. **The transfer should be through invoice.** This MDA amount will be utilized by the selling institution on renovation / modification of sales outlets, training of salespersons, computerization, development of designs, publicity, discounts (if required). Khadi institutions selling khadi on wholesale, will have to pass on the same (45% of total MDA) to purchasing institutions.

5.7. Production of Khadi and Polyvastra products for the purpose of Govt. supplies under Rate Contract ( RC ) of DGS & D to be made against the whole sale target approved by Standing Finance Committee of KVIC is not eligible fully for MDA, as these items are not sold through retail outlets. Hence, such items are not qualified for the MDA support earmarked for retail sales activity. Therefore, RC items will be eligible for 11% MDA instead of 20% as applicable in normal khadi.

5.8 Any amendment to this formula will have to be approved by the Ministry of MSME as and when required, on the basis of recommendations of KVIC after the actual performance is monitored and any anomaly observed in the scheme is removed.

## **6 Steps / Safeguards to enhanced wages of artisans**

The following points will be adhered to in ensuring higher earnings of artisans:

- a) While obtaining undertaking for utilization of the funds for specific purposes clear indication will be made in the MDA claims format by the institution to the effect that the institution will take steps to enhance artisans' wages without compromising quality of cloth and designs.
- b) The institution will have to pay artisans at regular intervals preferably fortnightly and no later than monthly, and through bank or post office account and maintain a record for verification of payments made to each artisan.



- c) The institution will remit money to the State Level Artisans Welfare Fund to the State Level Trusts and the receipt of remittance of fund should be attached with the claim format.
- d) The institutions have to cover all artisans within the ambit of Khadi Karigar Janashree Bima Yojana introduced by KVIC and such other welfare schemes to be introduced by KVIC with the approval of Ministry from time to time.
- e) **While submitting the claims for quarterly release of MDA, the producing institution will also furnish a certificate to the effect that the MDA portion of spinners and weavers and selling institutions in the ratio 25% and 45% respectively, for the previous quarter, has been released to their satisfaction.** Any default in this regard will be taken in to account by KVIC while releasing the payment of MDA for the next quarter.
- f) Compliance of all the above points will be ensured by KVIC while settling the MDA claim of each institution.
- g) KVIC will conduct random checks of at least 10% of the MDA claims which will include physical verification of all transactions with particular reference to the pass books, issued to artisans and other payments made to artisans and expenditure made on capacity building etc...

## 7 Periodicity of MDA claim

7.1 Production institutions shall submit quarterly claim of MDA based on the actual production achieved during the preceding quarter of the financial year. The difference , if any, would be adjusted in the last quarter of the financial year on the basis of audited accounts by the Chartered Accountants. MDA shall be preferably reimbursed electronically by State/ Divisional office of KVIC on quarterly basis as detailed under:

<b>Period of MDA claims (Quarters: I / II / III / IV)</b>	<b>Date by which MDA claim to be submitted by the Institution</b>	<b>Date by which MDA claim to be settled by SO / DO of KVIC</b>
Quarter I	15 <sup>th</sup> July	15 <sup>th</sup> August
Quarter II	15 <sup>th</sup> October	15 <sup>th</sup> November
Quarter III	15 <sup>th</sup> January	15 <sup>th</sup> February
Quarter IV	15 <sup>th</sup> April	15 <sup>th</sup> May

7.2 The settlement of MDA claim by SO/ DO of KVIC includes actual release of payment. **Efforts will be made to introduce the system of payments through 'electronic transfer' with in 6 (six) months, wherever possible.**

7.3 The State/ Divisional offices of KVIC will be responsible for ensuring the timely settlement of MDA claim and submit a

quarterly report on 1<sup>st</sup> September, 1<sup>st</sup> December, 1<sup>st</sup> March and 1<sup>st</sup> June to Central Office, KVIC, Mumbai indicating the claims received, claims settled and the reasons for non-settlement of claims within the stipulated period during the previous quarter.

7.4 The funds will be released to KVICN on quarterly basis in the light of claim statement furnished by State/ Divisional Offices of KVIC. The fund for the first quarter of first year of implementation will be released in advance to KVIC in the month of July 2010 and thereafter, the funds will be released on quarterly basis on the basis of actual claims settled in previous quarter.

7.5 The KVIC will furnish a quarterly report to the Ministry of MSME indicating the consolidated information on utilization and disbursement of MDA grant to the institutions for all offices under KVIC by 15<sup>th</sup> of the month following the prescribed dates for settlement of MDA claims for the quarter in question. The release of funds for MDA will be dependent on the receipt of the quarterly progress report from the KVIC.

7.6 Utilization of MDA grant will also be reviewed by the Ministry of MSME during review of plan fund utilization by KVIC. The MDA claims will also be open for 'internal audit' by the Chief Controller of Accounts (CCA) of the Ministry of MSME.

## **8. Closing Stock**

8.1 The closing stock will be worked out as follows:

**Closing Stock = Opening Stock + Production + Purchases (-  
) Sales (Retail Sales + Whole Sales)**

8.2 The State/ Divisional Directors will strictly follow the formula while recommending the targets for Production, Retail Sales and Whole Sales for the next year so as to avoid piling up of closing stocks during the previous year.

8.3 The institutions will furnish the closing stock position as on 31.03.2010 immediately after completion of the financial year, to the State/ Divisional Director in the form of an Annual Stock taking statement ( centre-wise ) duly signed by the authorized stock taking persons of the institution with signatures of the authorized office bearers of the institutions.

8.4 The State/ Divisional Director shall ensure proper check/monitoring on this aspect through audit wing/khadi wing to conduct random test check while conducting the audit and technical monitoring inspection respectively.

8.5 The closing stock position shall also be authenticated from the audited balance sheet duly certified by the Chartered Accountant.

8.6 The State / Divisional Directors will ensure that the institutions have submitted the Annual stock statement in time to their respective offices and it will also be recorded in the record note Budget discussions.

## **9 Period of utilization of MDA**

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

## **10 Documentation for MDA claims**

MDA shall be disbursed to eligible institutions on their submission of detailed claims as per the prescribed format (Annexure – I, II, III & IV & V). The State / Divisional Directors of KVIC shall furnish the quarterly details of settlement of MDA claims to the Programme Directorate and Directorate of Accounts of KVIC within a period of one month after expiry of each quarter and a consolidated statement for the whole financial year at the end of the year.

## **11 Furnishing of utilization certificate**

11.1 The Khadi institutions availing MDA will be bound to furnish utilization certificate annually as rendered by registered Chartered Accountants (CA) clearly indicating registration number, address of the CA. The format of utilization certificate, guidelines etc. will be circulated from time to time by KVIC. KVIC in turn will furnish the Utilization Certificate to the Government in Form 19A disclosing whether specified, quantified and qualitative targets that should have been reached against the amount utilized were in fact reached and if not, the reasons there for.

11.2 CA while furnishing the utilization certificate of MDA, is expected to report on financial propriety, compliance to Rules, Regulations, guidelines etc issued by KVIC, financial sanctions, recommendation of State Level Budget Team of KVIC, etc. and to

satisfy themselves as to existence of infrastructure – charkhas, looms, artisans, availability of raw material, appropriate application of utilization of MDA on areas agreed etc. and only after being satisfying on these points will authenticate the utilization certificates.

11.3 The CA concerned would issue the utilization certificate directly addressed to State / Divisional office of KVIC, so that the accountability and genuineness could be ascertained.

## **12 Test Check / Test Audit and Monitoring of MDA on Production**

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

12.2 As the funds for MDA would be extended from public funds, the Office of Comptroller and Auditor General of India will have the right of conducting audit / test check or otherwise as decided by that office.

## **13. State Government rebate / subsidy**

13.1 The MDA is eligible uniformly to Khadi institutions both KVIC and State KVIBs affiliated institutions throughout the country. Similarly, the State Governments are also extending subsidies / rebate to the Khadi institutions located in the State concerned. As such, the State Government rebates extended to all Khadi institutions both KVIC and KVIB in the State concerned on the actual retail sales. Similarly, if the State Government is interested to switch over to MDA on production subsidy, the production as defined for MDA by KVIC may be reckoned for the purpose of extending State Government subsidy.

13.2 In order to settle the State Government rebate / subsidy, the State Boards may satisfy by obtaining a copy of utilization certificate of MDA from the State / Divisional Offices concerned as per the prevailing practice.

## **14. Dispute settlement in transfer of MDA**

14.1 In case of non transfer or improper transfer of MDA by the producing institutions to other stake holders especially the selling institution, the stake holder should bring such transactions immediately (within one month of transaction) to the notice of State and Divisional Directors of KVIC who will direct the producing

institutions to transfer the eligible portion of MDA forthwith. In case the khadi producing institutions is not abiding by the directives of State/Divisional Director, he (State/Divisional Directors) will deduct the amount from the claim of the Khadi producing institutions and remit to the stake holders including selling institutions.

14.2 No penalty will be charged for first transaction and for subsequent transactions, the State / Divisional Director will arrange recovery of eligible MDA amount alongwith 5% interest calculated from the date of transaction and pay to artisans and weavers and the selling institution.

14.3 The Chief Executive Officer, KVIC shall be **the appellate authority for all disputes and all Khadi institutions will be bound by his decision.**

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**ANNEXURE – 'A'**

**Comparison on the Component of Rebate and MDA**

Component of MDA	Component of Rebate
Cost of raw material + Spinning/reeling and weaving charges including process wastage, artisan incentive and Artisan Welfare Fund etc. + Wet processing viz. bleaching, dyeing, mercerizing, finishing and Printing Charges etc... along with process waste + Permissible provisions such as trade expenses, Bank interest, insurance etc... on Prime Cost*. + Allowable margin on Prime Cost* (to meet establishment expenditure)	Cost of raw material + Spinning/reeling and weaving charges including process wastage, artisan incentive and Artisan Welfare Fund etc. + Wet processing viz. bleaching, dyeing, mercerizing, finishing and Printing Charges etc... along with process waste + Permissible provisions such as trade expenses, Bank interest, insurance etc...on Prime Cost*. + Allowable margin on Prime Cost* (to meet establishment expenditure) + <b>Value addition charges for conversion of cloth in to ready made, embroidery</b>

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

**Annexure-I**

**MDA CLAIM FORM**

**(Use separate format for Cotton /Silk/Woolen/Polyvastra)**

(To be filled in by Institution/Board and submitted to State/Divisional Office)

**Name and address of the Institution/Board:**

**Year of claim** :

**Quarter** : **I / II / III / IV**

<b>1</b>	<b>Affiliated to</b>	KVIC/State KVIB
<b>2</b>	<b>Category as to</b>	
<b>(i)</b>	<b>Performance</b>	A+ / A / B / C
<b>(ii)</b>	<b>Turn over</b>	Major / Medium / Small
<b>(iii)</b>	<b>Status</b>	Normal / Problematic
<b>3</b>	<b>Khadi Certificate No. &amp; validity</b>	
<b>4</b>	<b>Polyvastra Certificate &amp; validity</b>	
<b>5</b>	<b>Code number of the Institution</b>	
<b>6</b>	<b>Cost of Production during the quarter</b>	Rs.....
<b>7</b>	<b>Quantum of MDA claim</b>	Rs.....
<b>8</b>	<b>Name of the Bank with Branch Code No.</b>	
<b>9</b>	<b>Bank Account No.</b>	

**Signature of the Secretary with seal**

**Annexure-II (A)**

**M.D.A CLAIM FORM**

(To be filled in by Institution / Board and to be submitted to State/Divisional Office)

**Name of the Institution/Board:**

**Year of claim:  
/ III / IV**

**Quarter: I / II**

<b>Sr. No.</b>	<b>Variety</b>	<b>Cost of Production (Rs.)</b>	<b>Eligible MDA @ 20% on Col. No. (3) (Rs.)</b>	<b>Value of opening stock during the quarter</b>	<b>Sales made during the quarter</b>	<b>Value of closing stock as on last date of quarter</b>	<b>Remarks</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>
<b>1</b>	Cotton Khadi						
<b>2</b>	Silk Khadi						
<b>3</b>	Woollen Khadi						
	<b>Sub Total (Khadi)</b>						
<b>4</b>	Polyvastra						



	<b>Total(Khadi+Polyvastra)</b>						
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**Certified that payment has been made to the artisans/weavers and selling institutions @25% and 45% respectively, of total MDA received during the last quarter and utilization details received from selling institution are annexed.**

**Signature of Secretary with seal**

**Annexure-II (B)**

**M.D.A CLAIM FORM**

**(In case of Khadi and Polyvastra products of R.C. items under DGS &D)**  
(To be filled in by Institution / Board and to be submitted to State/Divisional Office)

**Name of the Institution/Board:**

**Year of claim:**  
**III / IV**

**Quarter: I / II /**

<b>Sr. No.</b>	<b>Variety</b>	<b>Cost of Production (Rs.)</b>	<b>Eligible MDA @ 11% on Col. No. (3) (Rs.)</b>	<b>Value of opening stock during the quarter</b>	<b>Sales made during the quarter</b>	<b>Value of closing stock as on last date of quarter</b>	<b>Remarks</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>
<b>1</b>	Cotton Khadi						
<b>2</b>	Polyvastra						
	<b>Total</b>						

**Certified that payment has been made to the artisans/weavers @25% of total MDA received during the last quarter.**

**Signature of Secretary with seal**

## Annexure-III

### **DETAILS OF UTILISATION STATEMENT OF M.D.A. GRANT**

(To be filled in by Institution / Board and to be submitted to  
State/Divisional Office)

- 1) **Name of the Institution/Board** :
- 2) **Year of MDA claim** :
- 3) **Quarter** : I / II / III / IV
- 4) **Receipt of total MDA**

(i) MDA earned on cost of production ( own ) : Rs. \_\_\_\_\_

**( As per column No (iv) of Annexure – II ( A )/  
Annexure-II ( B )/ A&B )**

(ii) MDA earned on purchases : Rs. \_\_\_\_\_

**Total** : Rs. \_\_\_\_\_

5) **Utilization of MDA by composite institutions**

<b>Sr. No.</b>	<b>Details of utilization of MDA grant</b>	<b>Amount (Rs.)</b>
<b>1</b>	<b>Utilization of 25% of MDA</b>	
	Incentive/bonus to spinners and weavers	
<b>2</b>	<b>Utilization of 30% of MDA</b>	
	(i) Implements	
	(ii) Training	
	(iii) Capacity building	
	<b>Total</b>	
<b>3</b>	<b>Utilization of 45% of MDA</b>	
	(i) Renovation/Modification of sales outlets	
	(ii) Training of salespersons	
	(iii) Computerization	
	(iv) Designs	
	(v) Publicity	
	(vi) Discounts	
	<b>Total</b>	
	<b>Grand Total (1+2+3)</b>	

**Note : In case of the institutions engaged exclusively in production activity, they may furnish the details of Sr. No. 1 and 2 only.**

**Certified that payment has been made to the artisans/weavers and selling institutions @25% and 45% respectively, of total MDA received during the last quarter and utilization details received from selling institution are annexed.**

**Certified by Chartered Accountant**

**Signature of Secretary with seal**

**Annexure-IV**

**(FOR KHADI PRODUCING INSTITUTIONS)**

**DETAILS OF UTILISATION STATEMENT OF M.D.A.  
GRANT**

(To be filled in by Institution / Board and to be submitted to  
State/Divisional Office)

- 1) **Name of the Institution/Board** :
- 2) **Year of MDA claim** :
- 3) **Quarter** : I / II / III / IV
- 4) **Cost of Production (value)** :  
Rs.....

- (i) **MDA earned on cost of production** :  
Rs.....

(own) [As per column No (4) of  
Annexure-II (A), II (B), II (A&B)]

**5) Utilization of MDA**

<b>Sr. No.</b>	<b>Details of utilization of MDA grant</b>	<b>Amount (Rs.)</b>
<b>1</b>	<b>Utilization of 25% of MDA</b>	
	Incentive / bonus to spinners and weavers	
<b>2</b>	<b>Utilization of 30% of MDA</b>	
	(i) Implements	
	(ii) Training	
	(iii) Capacity building	
	<b>Total</b>	

- 6) **Whole sale made during the qtr.** : Rs.....

7) Transfer of MDA : Rs.....

Certified that payment has been made to the artisans/weavers @25% of total MDA received during the last quarter.

Certified by Chartered Accountant

Signature of Secretary with seal

**Annexure-V**

**DETAILS OF UTILISATION STATEMENT OF M.D.A.  
GRANT TO BE FURNISHED BY SELLING INSTITUTIONS  
THROUGH PRODUCING INSTITUTION**

(To be filled in by a Selling Institution / Board and to be submitted to State/Divisional Office through Producing Institution/Board)

- 1) Name of the Institution/Board :
- 2) Year of MDA claim :
- 3) Quarter : I / II / III / IV
- 4) MDA earned as Selling Institution :  
Rs. \_\_\_\_\_

**5) Utilization of MDA**

Sr. No.	Details of utilization of MDA grant	Amount (Rs.)
1	<b>Utilization of 45% of MDA</b>	
	(i) Renovation/Modification of sales outlets	
	(ii) Training of salespersons	
	(iii) Computerization	
	(iv) Designs	
	(v) Publicity	

	(vi) Discounts	
	<b>Total</b>	

**Certified by Chartered Accountant**

**Signature of Secretary with seal**

**Annexure-VI**

**UTILISATION CERTIFICATE**

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

Date:

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

This is to certify that the institution  
viz. \_\_\_\_\_

\_\_\_\_\_ has utilized the grant amounting  
Rs..... available under MDA scheme on Production  
for the year 20\_\_ - 20 \_\_ for the purposes stipulated in the MDA  
guidelines. The annual utilization certificate to this effect is  
hereby issued on the basis of financial propriety, Rules,  
Regulations, guidelines etc issued by KVIC, financial sanctions  
accorded by SFC, recommendation of State Level Budget Team  
of KVIC and existence of infrastructure – charkhas, looms,  
artisans, availability of raw material as furnished by the  
institution.

**Signature of the Chartered Accountant with seal**



## Annexure-VII

### **POINTS TO BE TAKEN CARE OF WHILE UTILIZING THE MDA ASSISTANCE AND SUBMISSION OF UTILIZATION CERTIFICATE**

- ❖ **Incentive bonus to spinners and weavers –**
  - Such incentive bonus should be paid in the respective bank / Post Office accounts of the artisans.
  - No such incentive bonus should be paid either in cash or in kind.
  - Incentive bonus should not be adjusted against Karigar Amanat Account or any other recovery.
  - Authenticity of the payment and veracity of the transaction should be specific in the report.
  
- ❖ **Utilization for implements, training capacity building –**
  - Expenditure under each head of the scheme should be specific and verifiable.
  - While incurring expenditure, GFR provisions should be adhered to.
  - Capacity building and training should be undertaken through reputed agencies and need based.
  - Any construction shall be made only on the land in possession of the institution with clear title in its favour and not in lease from private **individual.**
  
- ❖ **Proposed Utilization of 45% of MDA on discount should be specifically spelt out so as to avoid undue competition among the institutions in a particular area which may invite customer grievances as well as litigations.**
  
- ❖ **It may kindly be noted that non-compliance of above shall entail the forfeiture of MDA to the extent of non-compliance or prorata.**

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