

How to revive the Khadi Sector- An Evaluation with special focus on Khadi Act



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November 2018

Published in 2018 by the Centre for Public Policy Research, Kochi

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Acknowledgments

The Centre for Public Policy Research (CPPR) team is extremely thankful to all those who contributed and supported in preparing this report. The authors specifically thank the KVIC officials, industry representatives, society members, designers, volunteers and textile experts who gave insights to the Khadi sector. We thank the volunteers Ms. P Satya Sravya for facilitating Ponduru field visit and compiling the research work.

We are extremely thankful to The All India Artisans and Craftworkers Welfare Association (AIACA) for supporting us in this project. We thank Dr. Madhura Dutta, Sreya Mozumdar and AIACA team for the generous support in organizing and coordinating the various meetings for us

1. Introduction

As the country is aiming for a 'Big Economic Power' status, clothing is one among the basic amenities that are still not met for the 1.2105 billion population of India. The Indian textile industry has an estimated market size of US\$108 Billion¹. Clothing has been a very sensitive and political theme for the country for a long time. The clothing industry has two broad segments within the industry, namely the traditional hand-woven, and the hand-spun textile segments, or the modernized mill segment. Khadi is one among the traditional clothes in India. Khadi is defined as, cloth woven on handlooms and hand-spun from cotton, woolen or silk yarns in India or the combination of two or all of these yarns, as per the Khadi and Village Industries Commission Act¹.

Hand spinning and hand weaving have been around in India for thousands of years². Khadi owes its revival to the Father of the Nation Mahatma Gandhi, and it is considered a symbol of self-reliance in the Gandhian ideology. Introduced with an intention of boycotting foreign goods, Khadi became a national movement under Gandhiji³. Mentioned in the first and second industrial policies of 1948 and 1956 of

independent India, Khadi and village industries were important opportunities for providing rural employment. It was felt that this was a good way to provide nonfarm employment opportunities to the poor artisans, who were otherwise unemployed and suffering from acute poverty, at a very low per capita investment⁴. The successive five-year plans have labeled the same role for Khadi in the subsequent decades also. It is also a product which is highly sustainable, eco-friendly and is an all-weather fabric which keeps the wearer warm in the winter and cools in the summer. Even though the industry was limping towards the 20th century, Khadi has seen a new wave of acceptance among the public, mainly due to the efforts made by many fashion designers in the country in the last one decade.

This paper is an attempt to understand the sector from close quarters by interacting with and visiting the stakeholders. The paper examines the amendments in the Khadi act and the role played by KVIC over the years. The paper also discusses the role of the private players and the market mechanisms in this 21 century to popularise Khadi.

2. Methodology and limitations of the study

The study uses a combination of primary and secondary research for data collection. Secondary research is done using different KVIC publications, online articles, journals and audit reports in the Khadi sector. Primary research includes structured interviews with the stakeholders in selected states namely bureaucrats, designers and promoters, artisan cooperatives and federations and artisans as well as investors and entrepreneurs in the Khadi sector. The primary interviews also include those with the representatives of the private players into

the Khadi sector. The stakeholders are selected using representative cluster sampling method.

Following are the major limitations of the study; firstly, the limited resources to conduct interviews across the country visiting different states to meet the stakeholders was the main constrain. Hence interviews with stakeholders from selected states are used here. Second, private players have only recently entered the Khadi market. Hence, there is no trending data available for the production and sales of Khadi by the private players.

¹ KVIC Annual Report 2013-14

² KVIC Annual Reports various issues

³ Chakrabarti M 2000, *The Gandhian philosophy of the spinning wheel*, New Delhi, Concept.

⁴ Chakrabarti M 2000, *The Gandhian philosophy of the spinning wheel*, New Delhi, Concept.

Third, most of the interviews with the designers and the promoters were held in a confidential

manner since they didn't wish to be quoted in the public domain for the obvious reasons.

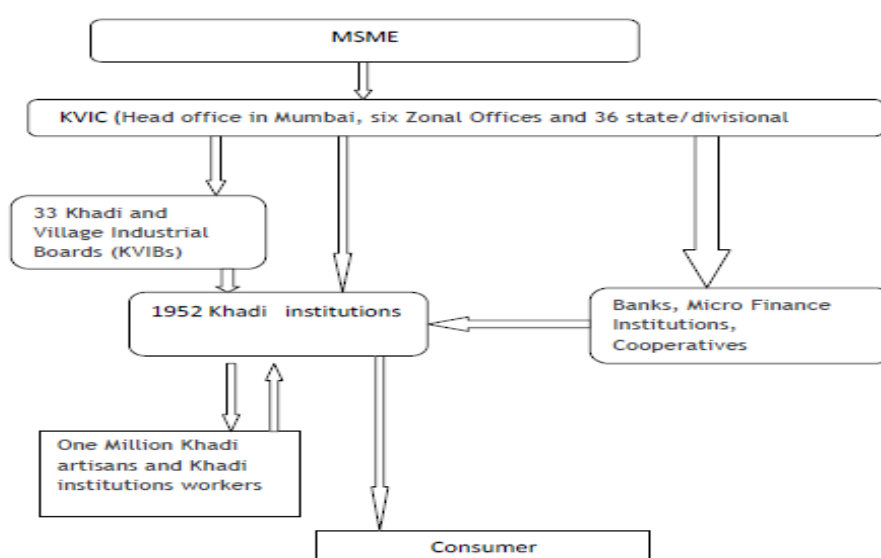
3. Khadi Value Chain, Stakeholders and Regulatory Mechanisms

All India Spinners Association was launched with an intention of propagation, production and selling of Khadi in 1925, which helped in improving techniques and created 2 lakh employment. Even after independence, the movement continued, and the All India Khadi and Village Industries Board was created. It later resulted in the formation of Khadi, Village and Industries Commission (KVIC) in 1957 with the passing of a Parliamentary Act. It was instituted by Act number 61 of 1956, later amended by Act number 12 of 1987, under the administrative control of Ministry of Micro, Small and Medium Enterprises (MSME). KVIC was established for the planning, promotion, organization and implementation of programmes for the development of Khadi and other village industries in the rural areas. KVIC has three broad objectives for promoting rural development namely employment generation, saleable article creation and self-reliance creation among the

poor. With respect to the finances, at the nodal level, funds are allocated to the KVIC from MSME in the form of grants and loans. KVIC reallocates these funds to its different implementing agencies namely KVIC state/divisional offices and their registered institutions as well as Khadi and Village Industrial Boards (KVIBs) and their registered institutions. The way of operation of the Khadi sector is explained in figure 1.

Khadi institutions are NGOs that have been set up under KVIC or KVIBs and report to them, which are certified by a Certification Committee appointed by KVIC. At present, there are 2000 Khadi institutions. The certification system of Khadi, which means issuing certificates or recognition letters to the stakeholders of Khadi, was established by Mahatma Gandhi under the All India Spinners Association⁵. It also raises an opportunity for KVIB to decide on their schemes and aid to the sector.

Figure 1: Khadi Industry Stakeholders



Source: Data taken from KVIC Annual Reports, Various Issues

⁵ At present, Khadi certification rules are decided by KVIC as per section 15(2) (K) and (I) of Khadi and Village Industries Act, 1956 (61 of 1956) (read with Regulation 24(1) of the Khadi and Village Industries Commission Regulations, 1958).

The three aspects of certification are safeguarding the purity and genuineness of Khadi, suitable wages to artisans, and assurance of fair price and quality to the customerⁱⁱ. The Khadi Mark Regulations, 2013 is notified for the purpose of authentication of genuine khadi, as defined in the KVIC Act i.e. any cloth woven on handlooms in India from cotton, silk or woollen yarn hand-spun in India or from a mixture of any two or all of such yarns, by affixing the Khadi Mark Tags and Labels issued by the Commission by the persons and certified khadi institutions producing, selling or trading in khadi and khadi products⁶. The Khadi Mark Regulations shall apply to persons who are engaged in production, sale or trading of khadi and khadi products or who are desirous of producing, selling or trading in khadi and khadi products, and to certified khadi institutions, who

hold a valid certificate issued by the Commission. Artisans (spinners, weavers, and other artisans) mostly women (65 percent) are contracted by the institutions for different stages of production for Khadiⁱⁱⁱ. The other workers are permanent staff members employed by either KVIC or KVIB. Sale of Khadi fabrics/garments is done through KVIC run Gramodyog Bhavans or retail outlets of Khadi institutions certified by KVIC.

If the Khadi institutions are not found abiding by the three aspects of certification, the certification of such institutions will be cancelled by the KVIC as instructed by the Government. Appendix tables 1, 2 and 3 show the list of certified institutions at present and the institutions to which certifications are suspended and cancelled respectively.

4. Private Players in Khadi Sector

According to the regulations laid out by the Micro, Small, and Medium Enterprises (MSME), only KVIC and KVIC-certified institutions namely some NGOs are allowed to produce Khadi. The Gandhian movements during the independence struggle had resulted in setting up huge properties by donation and philanthropy. In recent years, many more joined this sector.

Recently, there have been partnerships by KVIC with many private players for promoting Khadi as a global and fashionable fabric. As a part of the tie-up with KVIC, Aravind Mills started selling Khadi products in its outlets recently. In 2016, Khadi and Village Industries Commission, Ministry of MSME, Government of India inked a partnership with Raymond Ltd aimed at value-added marketing of Khadi by integrating rural industry with urban industry. The initiative taken under the KVIC Act permits private players to promote the sale and

marketing of Khadi or products of village industries or handicrafts and forge links with established marketing agencies. KVIC certified Raymond to use Khadi mark on ready-made garments and fabric that are now available at KVIC and Raymond outlets across the country.

As per the signed MOU, Raymond had agreed for a guaranteed initial procurement of a substantial amount of Khadi fabrics from the 2300 clusters under KVIC in the initial year.

Apart from retailing the brand, Raymond also provides technical and design expertise to Khadi manufacturing clusters for crafting readymade garments for its apparel brands. Aditya Birla Retail and Fashion also tied up with the Khadi and Village Industries Commission (KVIC) and launched a product line 'Khadi' by Peter England in 2017⁷. Patanjali Ayurved Ltd entered into a partnership in Khadi early 2018. They plan to sell khadi products

6 <http://www.kvic.org.in/update/circulars/SO-1724-Final.pdf>

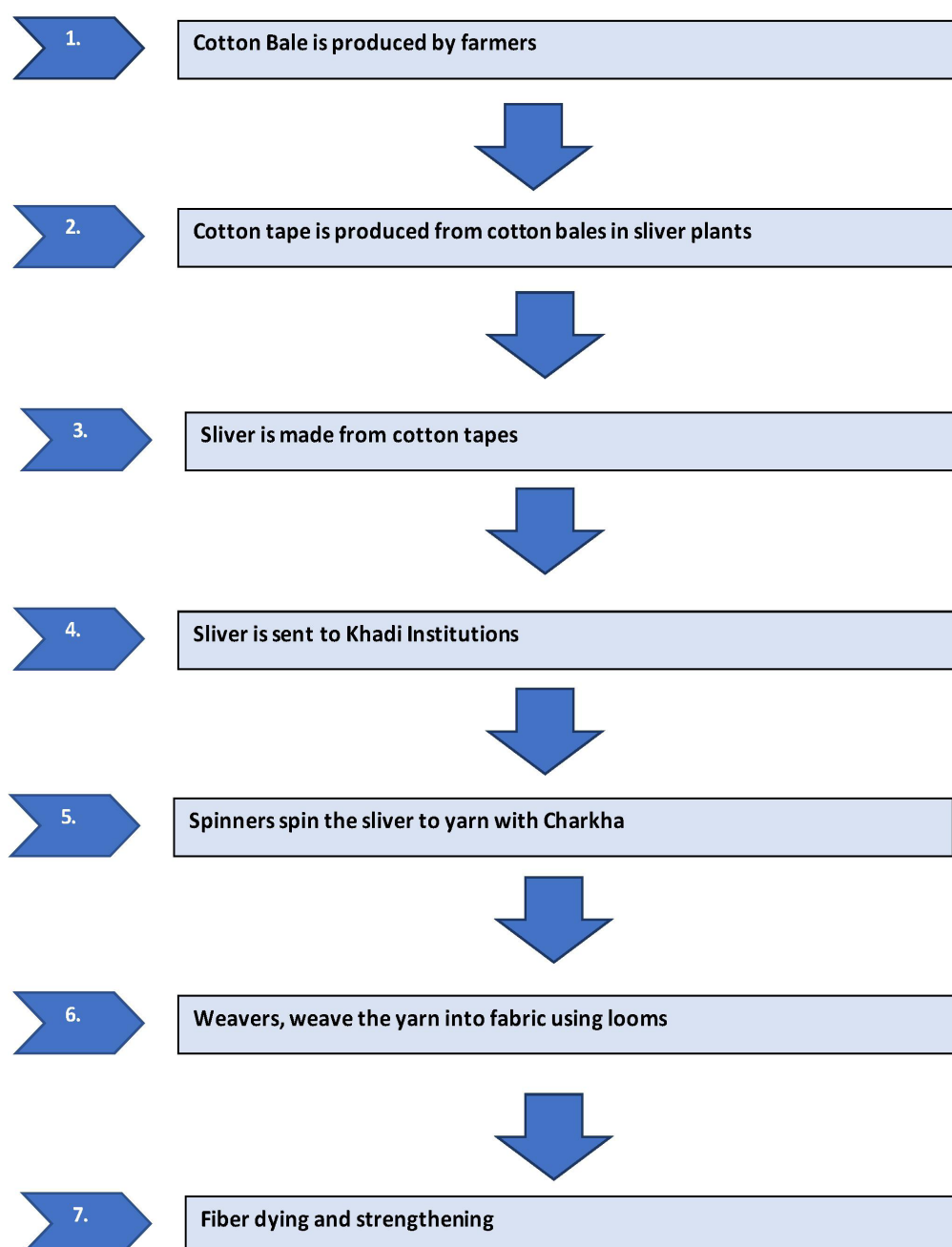
7 <https://economictimes.indiatimes.com/industry/cons-products/garments/-/textiles/aditya-birla-fashion-partners-kvic-to-sell-khadi-products/articleshow/58809115.cms>

including kurtis, suits and jackets at the Patanjali Khadi outlets to be opened by November this year, specifically in tier 2 and tier 3 cities⁸.

5. The Production Process of Khadi and Regulatory Barriers

Figure 2 illustrates the Khadi production process starting from cotton bale production to sliver to yarn to fabric and then dyeing and strengthening of the Khadi fabric.

Figure 2: Production process of Khadi



⁸ <https://theprint.in/economy/where-threes-a-crowd-patanjali-to-enter-khadi-market-dominated-by-fabindia-and-state-owned-kvic/83834/>

The production process of Khadi starts with the production of the cotton bale in the farm by farmers. From the cotton farms⁹, the preparation of cotton thread for the khadi production varies from the region to region. In the earlier days, the cotton thread was cleaned and processed manually which is still practised in Ponduru¹⁰. In some other areas, the cotton is cleaned and processed using power machines. In addition to these processes, KVIC has also set up six sliver plants for the same¹¹. The raw cotton is sent to the sliver plants of KVIC and Khadi institutions. Cotton tapes are made from the cotton bale in these sliver plants. Sliver is made from the cotton tapes by a carding machine, which is a textile fibre strand that is loose, soft and untwisted.

The sliver produced is sent to Khadi institutions. The sliver is then traded to the spinners to yarn with the help of hand-powered spinning wheels namely Charkha. The foundation process of the value chain is spinning, upon which all the other value addition processes depend. Khadi is thus produced and defined by KVIC as above, but it is different from Khadi by tradition that is hand spun and hand woven. Once the spinning process is mechanized then the fabric becomes handloom fabric and when both the spinning and weaving processes are mechanized, the fabric becomes mill made fabric, as per official definitions.

Our field visits, however, show that there are spinning by solar charkha and eight spindles charkha in many places and KVIC has licensed it. While the Amber Charkha had 8 spindles, the New Model Charkha (NMC) has 10 spindles in fact. The next-step is weaving the yarn into the fabric using looms, as defined by KVIC. At the same time, in places like Ponduru, this is done manually. The yarn is brought back from spinners by Khadi institutions after paying charges for conversion.

Weavers weave fabric on handlooms with the yarn traded to them by Khadi institutions on payment of conversion charges.

The other steps involved in the production process include the fibre dyeing and strengthening. Even now, there are production centres which use the natural dyes for the cotton. In other centres they use synthetic dyes.

According to Section 15(e) of KVIC Act, 1956, KVIC takes steps to encourage and promote research in the technology used in khadi and village industries, including the use of non-conventional energy and electric power, with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and to arrange for dissemination of salient results obtained from such research. There are places, however, like Ponduru in Andhra Pradesh, where the carding is done manually, and the cost and demand for the product are very high. On the other hand, regulation 7 of Khadi Mark Regulations 2013 prohibits the use of electricity unless expressly provided. -

(1) Save as otherwise provided under these regulations, the use of electricity, directly or indirectly, shall be prohibited for the following purposes, mainly:-

(a) Plying a traditional charkha (single spindle) or a multi-spindle charkha or a reeling basin to spin or reel cotton or wool or silk, either singly or in appropriate blends;

(b) Plying of a traditional loom or an improved loom for weaving cloth using hand spun or hand-reeled yarn (cotton or wool or silk, either singly or in appropriate blends) both in warp and weft.

(2) S-twist or ultra bat yarn by hand spinning alone shall be used for khadi production.

Hence as per regulation 7 of Khadi Mark Regulation

⁹ Both Bt Cotton and the organic are grown in India. Native cotton fibre is of 24 mm in length in average and the Bt cotton fiber is 34 mm long. Bt Cotton is good for the power mills and the native cotton is good for Khadi production.

¹⁰ Ponduru is a census town in Srikakulam district of the Indian state of Andhra Pradesh

¹¹ See annexure 2

2013, usage of electricity is strictly prohibited from plying a traditional charka and traditional loom. Thus, it is not clear how KVIC arrived at the decision for introducing machinery at different levels of the production.

Among the total yarn produced, the majority (79 percent) is of cotton, with the wool and silk constituting 19 percent and 1 percent resp., according to the KVIC report. At the same time, based on the discussion with the stakeholders, it is seen that silk and wool are different materials that cannot be identified with Khadi. The issue is with the definition of Khadi, according to them.

Our field visits show that many weaving units, however, emerged only for getting KVIC rebates and other benefits but have not produced any Khadi product. The finding is supported by the CAG Report (Number 4 published in 2001) which shows the mix utilization of funds by KVIC for helping

fraudulent units. One of the main conditions governing payment of loans and grants is that funds should be utilised for the specific purpose for which they are sanctioned. This report shows, a test check indicated that in case of 34 institutions an amount of 448.81 lakh released between 1992 and 1997 was misutilised/diverted for other purposes, and in respect of seven other cases, no proper physical verification was done by KVIC after release of loan to the units which were later found to be fraudulent. In 12 States, an amount of 11.91 crore remained unaccounted for with 381 directly aided institutions and 217.24 crore with 41714 institutions financed by 14 State Boards, which were reported to be defunct. Scrutiny of records revealed that in some cases though the KVIC maintained the details of the period since when the unit became defunct, but it did not have any records as to the details of date of release of the loan and the amount if any repaid. KVIC did not conduct any investigation to

Ponduru Khadi

The village of Ponduru is renowned for its long, unbroken tradition of making fine Khadi. Women spinners here use two varieties of short stapled desi cotton. White hill cotton for fine, high-quality yarn and red cotton for coarser yarn. These indigenous varieties of cotton which require fewer inputs for cultivation and are suitable for hand processing.

The AFKKS founded in 1949 by Acharya Vinobha Bhave is an NGO now run under the aegis of Khadi Village Industries Commission (KVIC). The Institution has six production centres consisting of 140 looms in all 45 villages covered in around 50 km radius around Ponduru village. There are 10 yarn purchasing centres where cotton is given to the spinners and yarn is collected from them.

Ponduru Khadi making: The Ponduru village boasts of weaving the best quality khadi cloth from a special variety of cotton, namely, Punasa cotton, Hill cotton, both White and Red of very short staple grown in the district. The farmers in the area raise these indigenous varieties of cotton without the use of pesticides and supply the same for weaving the khadi cloth.

The hill cotton fibre is strong and sticks to the seeds. It cannot be removed by hand. The Indigenous cotton is cleaned and combed with the jaw bone of the Valuga fish in order to straighten out the fibres and remove unusable, shorter fibres. The combed cotton is then pressed and rolled on a wooden plank with a metal rod, each deft stroke removing the seed. The cotton is then fluffed up with a bow in order to separate out the fibres further and align them. Cotton is fluffed and smoothened with fine sticks which also removes the waste. Cleaned and ginned, its further rolled on wooden cylindrical sticks and kept in dried banana stems. Lastly, they are spun on a charkha to yield yarn.

Ponduru village and the Khadi cloth attained its popularity during the pre-independence struggle wherein Mahatma Gandhi gave a call for a ban on all foreign goods, including cloth. He propagated the use of Khadi cloth by all Indians. Hearing about the quality and uniqueness of Ponduru Khadi, he visited the village and inspected the handlooms. He was impressed by the quality of Ponduru Khadi cloth and even preferred to wear the cloth. This generated a lot of awareness and the demand for the cloth grew enormously.

verify as to why these institutions became defunct or whether they were fraudulent, to begin with, as per the report.

The MSME notified the Khadi Mark Regulations 2013 in the Gazette of India on 22 July 2013 to ensure the genuineness of Khadi produced in India. According to the regulations of KVIC, institutions that opt for the subsidy are bound by KVIC to procure slivers only from KVIC and are not allowed to purchase from the open market. Our interviews with the stakeholders show that there are targets set by

KVIC on how much raw cotton needs to be bought by a Khadi institution. These are restrictive trade practices.

There have been attempts by the market players to revive some of the defunct institutions. They helped the artisans by training and skilling them on various facets while the institutions receive some monetary benefits. But the strict regulatory frameworks of KVIC on these institutions restrict the market to make a strong alliance with these institutions quite often.

6. Organization of the Khadi sales and marketing business

KVIC undertakes sales activities through its twelve departmentally-run Khadi Gramodyug Bhavan and around 7050 institutional sales outlets certified by KVIC located in different parts of the country. In the Khadi Gramodyug Bhavans and the other stores certified by KVIC, discounts on Khadi apparels fixed by the Ministry of Small and Medium Enterprises, Government of India, can be availed. According to the KVIC officials, this is to ensure more saleable products by making the Khadi and Khadi product prices competitive with other textiles.

There are many schemes such as a rebate scheme, applied by the Government through the Khadi and Village Industries Commission (KVIC), on the sale of Khadi and Khadi products till 2009-10 but was replaced by Market Development Assistance (MDA) from April 1st, 2010 for the sales enhancement of

Khadi^{iv}.

The marketing of Khadi is mainly done by Khadi institutions. Government intervention in Khadi marketing has resulted in the reliance on outdated techniques namely print advertisements or banners and rebate schemes for the marketing of Khadi products. Many opined that the size, shape and design of the clothes and fabric are neither market-friendly nor quality assured. The lack of appropriate marketing strategies has resulted in the failure of mass consumer attraction towards Khadi fabrics, as per the interviews with our stakeholders. On the other hand, due to the efforts of the private fashion designers and entrepreneurs, Khadi has achieved a new wave of acceptance among the public, according to the stakeholders.

7. Cost of Production

The outputs of Khadi institutions were required by KVIC to be delivered through the vehicle called cost chart until 2011, where the pricing of Khadi products was based on the cost of these products. Model cost chart by KVIC is given in appendix 2. Based on Circular No: RID/KRDP/ MV of MDA(PI)/2010-11 of KVIC dated 28/04/2011, the Khadi institutions are granted complete flexibility in the Khadi and its products pricing through the introduction of market-linked pricing. This circular allows the Khadi institutions to sell the Khadi

products at market prices (which could be higher than the cost chart). In continuation to this, based on circular No RID/KRDP/MLP-BC/207/2015-16 of KVIC dated 22/09/2015, cost chart will remain valid only for the purposes of claiming MDA and the MDA has to be submitted by the institutions based on the cost of production as defined in the MDA guidelines as per the cost chart.

In spite of this, most of the Khadi institutions continue to follow the old cost chart pricing,

based on the production, and not the revised pricing structure that is supposed to be led by the market, as shown by the field visits of our research team. The development of the cost chart for the certification of Khadi was done by Mahatma Gandhi based on the prevailing market conditions of that time^v. Another issue with the cost chart is that it is uniform across the country and does not take into account the skills that different groups have, in different parts of the country, based on our consultations with the stakeholders.

These rates are obviously not in keeping with present market conditions, as shown by the high share for establishment expenditure, no share for publicity and the low wage costs for weavers compared to those in the handloom industry. The costs of the products, mainly the raw material costs are translated into the prices of the Khadi products, according to the cost chart. By implementing the benefit chart, the costs involved in producing the Khadi products will have no role in the pricing, while pricing will be based on the market demand and acceptability of the product.

8. Fund Transfer trail from KVIC to different schemes and projects

The KVIC Loan Rules, 1958, empowered the commission to extend financial assistance in the form of loans to various institutions registered with it or with Khadi and Village Industry Boards of state governments. The financing was facilitated through budgetary sources of Government of India in the form of a loan to KVIC. KVIC also disbursed funds to KVI institutions under the Consortium Bank Credit (CBC) arrangement with State Bank of India (SBI) during 1995-96 to 2001-02.

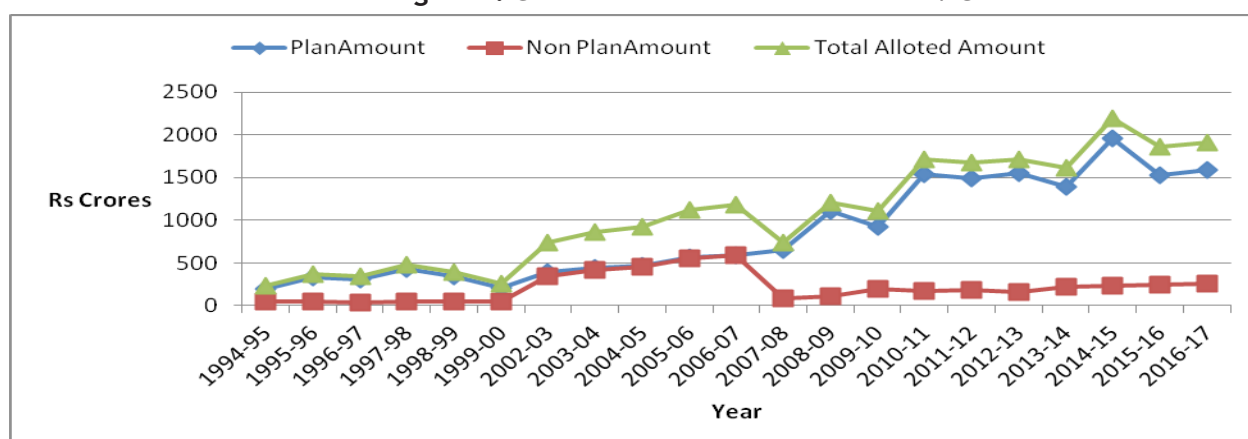
Since the inception of KVIC and for nearly two decades, Khadi Programme was financed by out of budgetary support received from Govt. of India. The funds received by KVIC from the government under plan and non-plan heads increased from ₹194.27 Crore and ₹43.7 Crore to ₹1,591.08 Crore

and ₹258.74 Crore respectively in the period 1994-95 to 2016-2017, as shown in figure 1.

Due to the gradual expansion of the Khadi Programmes, the budgetary support became inadequate. Govt. of India thereafter launched the Interest Subsidy Eligibility Certificate (ISEC) Scheme in 1977-78 for Khadi Institutions to mobilize additional requirements of the fund from the Financial Institutions/ Banks. The interest subsidies to Khadi institutions increased from ₹9.63 Crore to ₹53.02 Crore in this period, as shown by various volumes of KVIC annual reports.

To improve the quality of Khadi products and to ensure their better acceptability for marketing, the schemes implemented by KVIC include; Market Promotion and Development Assistance (MPDA)

Figure 3: Government Fund Allocation to KVIC



Source: KVIC Annual Reports, Various Issues

Scheme and Khadi Reform and Development Programme (KRDP).

i) Market Promotion Development Assistance (MPDA) - Market Development Assistance (MDA) scheme of KVIC has been modified as MPDA scheme formulated as a unified scheme by merging different schemes/ sub-schemes/components of different Heads implemented in the 11th Plan, namely, Market Development Assistance, Publicity, Marketing and Market Promotion. A new component of Infrastructure namely setting up of Marketing Complexes /Khadi Plazas has been added to expand the marketing net worth of Khadi & VI products. Under the erstwhile MDA scheme financial assistance was distributed amongst Producing Institutions (30%), Selling Institutions (45%) and Artisans (25%). Under the Modified MDA (MMDA) financial assistance is distributed amongst Artisans (40%), Producing Institutions (40%) and Selling Institutions (20%).

Large sums from ₹2.1 crore to ₹81.22 crores is spent on the rebate scheme in the period 1957 to 2010 and for MPDA ₹119.53 crore to ₹331.53 crores in the period 2011-12 to 2016-17 respectively^{vi}.

ii) Strengthening infrastructure of weak Khadi institutions and assistance for marketing infrastructure - This scheme was launched in 2009-10 and provides need-based support towards the Khadi sector for nursing the sick/ problematic institutions elevated from “D” to “C” category as well as those whose production, sales and employment have been declining while they have the potential to attain normalcy and to support creation of marketing infrastructure in other identified outlets. Under this scheme, financial assistance is provided to existing weak Khadi institutions for the strengthening of their infrastructure and for the renovation of selected Khadi sales outlets. ₹0.92 crores to ₹9.05 crores were disbursed for this scheme in the period 2013-14 to 2016-17. The field research revealed that many of these modifications and upgrades for the

institutions and the sales outlets were untimely and unwarranted by the stakeholders at the local level. Many suggest that these schemes do not help the Khadi sector as the requirements are totally different from what was prescribed by the KVIC.

iii) Khadi Reform and Development Programme (KRDP) - In order to fully realize the significant growth potential of KVIC Sector, in terms of employment generation, enhancing the earning of artisans and to ensure positioning of Khadi in consonance with the current market needs, a comprehensive reform programme captioned Khadi Reform and Development Programme (KRDP) was approved by the Government of India and is being implemented with the assistance from the Asian Development Bank (ADB). The ‘Khadi Reform and Development Programme (KRDP) aims to revitalize the khadi sector with the enhanced sustainability of khadi, increased incomes and employment for spinners and weavers, increased artisans’ welfare and achieve synergy with village industries. ₹2.07 Crores to ₹5 Crores were disbursed for this scheme in the period 2013-14 to 2016-17.

Table 1: Khadi Production, demand and employment

Parameters	2014-15	2015-16	2016-17
Khadi production in nominal terms(₹ crores)	674.52	1065.6	1401.84
Khadi production in real terms(₹ crores)	5.19	8.43	10.88
Retail sales of Khadi in nominal terms(₹ crores)	1160	1510	2007.61
Retail sales of Khadi in real terms(₹ crores)	8.93	11.94	15.58
Employment in Khadi(in lakh persons)	10.69	11.07	4.28

Source: KVIC annual reports

The CAG report 2016, states that as on March 31, 2015, total loan outstanding was ₹1,008.30 crore (GOI) and ₹509.3 crore (CBC) and an amount of ₹ 272.48 crore and ₹278.98 crore was overdue with

beneficiaries in respect of loans from KVIC funds and CBC funds. The inadequate follow-up of loans by KVIC resulted in non-recovery of ₹551.46 crore and funds amounting to ₹226.70 crore, meant for development through execution of schemes and programmes, were diverted to service the loans of institutions. To meet repayment to SBI under the CBC arrangements, it was seen that KVIC had diverted funds meant for development through execution of schemes and programmes. An amount of ₹226.70 crore had been diverted

for payment to SBI (principal) up to March 2015. Despite the high government funds received by KVIC for the improvement of the Khadi sector and to enhance the employment potential of the sector, the employment in Khadi has been declining significantly, which is shown by the available secondary data, mainly due to the low wages for the artisans in the sector. The employment declined significantly although the production and sales showed improvement.

9. Livelihood Issues of Khadi Artisans

According to KVIC sources, the current wage for spinners is ₹5.5 per hank w.e.f. 01.04.2016 which enables them to earn around ₹190 per day. It includes market development assistance at 30 percent of production provided as grant support on the production of Khadi out of which 40 percent is provided directly to Khadi artisans as further incentive. In addition to these, The Ministry of Micro, Small and Medium Enterprises has been implementing a group insurance scheme namely Khadi Karigar Janashree Bima Yojana (JBY) since 2003-04 to provide insurance cover to Khadi artisans. The Scheme was formulated by Khadi and Village Industries Commission (KVIC) in association with the Life Insurance Corporation of India (LIC) with an annual premium of ₹100/- per beneficiary which is shared in the ratio of ₹50/- by the Central Government from Social Security Fund, ₹25/- by the Khadi Institution and Rs. 12.50/- each by Khadi Artisan and KVIC¹².

From the field visits done by the CPPR research team, as well as based on the data collected from different secondary sources, it was found that despite the above-mentioned wages and incentives, in reality, this is not the case. The CPPR study 2016, based on the field visit shows that spinners and weavers are paid a guaranteed minimum wage of only ₹125 and ₹100 respectively in cash every day. The present field studies also

show that there is no significant improvement in the wages that artisans are paid in 2018 also. They get the other allowances as lump sum amounts once in a year or so, while there is no certainty on when they would receive these allowances. Earlier the reason cited was that, in the majority of these institutions, the wages are given in cash and there was no arrangement for the provision of wages through banks or post offices. This is in spite of the mandatory requirement from the ministry of micro, small and medium enterprises (MSME) to give the artisans' wages only through banks or post offices. Now, there is a remarkable change in the way the wages are transferred to the artisans. The wage is transferred to the bank accounts. In the field study conducted, many of the institutions complained that they don't have the bandwidth and the manpower to complete the documentation required to be submitted to the banks on time so that the artisans get the payment in their bank accounts. The rule mandates that the institutions (where the artisans are attached) have to report to the banks with respect to the artisan's work and the volume they completed. In many institutions, computers are luxury and in some institutions where the computers are given as part of MDA scheme, there has not been any training nor the staff has the literacy level to understand the digitization process. The artisans often complain about the delay in the transfer of money, whereas

¹² Government of India(2014):<http://pib.nic.in/newsite/PrintRelease.aspx?relid=112833>

the institutions claim they don't have any returns for the clerical documentation work that they do for the artisans for their meagre wage.

The same findings are supported by the secondary evidence available in the public domain. These include the case study of Ponduru Khadi in Andhra Pradesh, where the number of spinners and weavers has declined from 2,000 and 150 respectively in 2001 to 800 and 50 respectively at present due to low wages¹³. On the other hand, it is the place where Khadi is completely handspun and handwoven unlike in most other places, and the cloth is very expensive. The average cost of one meter of Khadi cloth, for instance, is around ₹1500. The field visit of our research team to Ponduru Khadi shows that despite this, the spinners and weavers are in utter poverty in the region. Mr. Giriraj Singh, Minister of State for MSME, had stated that low wages were keeping the workers away from the Khadi sector. This statement is also available in the public domain¹⁴. The wages in the Khadi sector were far below the national minimum wages, as per the CAG Report 2016¹⁵. In the KVIC (2016) Report on “the recategorization of Khadi Institution’s revised framework and analysis”, total 93 (23%) Khadi Institutions have not been able to maintain the artisan wages¹⁶. There has been a reduction in wages up to 25% in these Khadi institutions. Several of the Khadi institutions also show a reduction in employment, overall production activities and low profitability, which explains the decline in the artisan earnings.

The Khadi spinners find it extremely difficult with

₹125 that they get in hand for meeting their day to day expenses, as pointed out by the spinners in Kerala, in our interviews with them. Their earnings are even lower than the average daily earnings of women workers (₹336 per day) in other similar sectors like match industry. Considering the spinning and weaving wages separately, spinning and weaving are only 15 percent each of the total cost. At the same time, the private wage standards of handloom industry weavers who work for the textile entrepreneurs in the handloom industry in many states as shown by studies are 25 percent. It is thus clearly evident that the huge amount spent on the economic empowerment of the poor artisans is being eaten up by the government machinery rather than reaching the artisans.

In addition to the work to be done in the work sheds, they have to take the cotton and yarn to their homes and to continue the work at home for achieving their targets most days, as reported by the weavers and spinners during the field visits. The physical labour or man-hours involved is also reported very high. In spite of these, they get only very little wages for maintaining their livelihood.

All the above-mentioned sources show that due to the low wages, there is an unavailability of spinners and weavers willing to work in this sector now. Based on our field visits, it is very clear that the new generation is not interested to work in the sector due to the low wages and the associated livelihood issues. Even for the spinners and weavers who work in the sector, Khadi is not the primary income source, they depend on other part-time jobs, as found by our field visits.

10. Debates on the Khadi Mark

Khadi Mark regulation was issued on 22nd July 2013 by the Government of India through Gazette notification No.3212 GI/2013, in the exercise of the

powers conferred by Section 27 read with clause (k) of subsection (2) of section 15 of the KVIC Act 1956, with the previous sanction of the Central

¹³ www.altacit.com/publication/ponduru-khadi-a-case-for-geographical-indication/.

¹⁴ www.fsmeindia.com/downloads/aug-2015.pdf, page 19, August 2015 issue, Industrial View

¹⁵ www.cag.gov.in/sites/default/files/audit_report_files/Union_Civil_Compliance_Report_11_2016_Chapter-12.pdf.

¹⁶ KVIC(2016): Report on “the recategorization of Khadi Institutions revised framework and analysis, http://www.kvic.org.in/kvices/update/KRDP/Khadi_Revised_Re-categorisation.pdf

Government. This was notified for authenticating genuine Khadi as defined in the KVIC Act, by affixing the Khadi Marks Tags and labels issued by KVIC by the certified Khadi Institutions and persons producing, selling, or trading in Khadi and Khadi products. From the effective date of Khadi Mark notification, no textile shall be sold or otherwise traded by any person or certified Khadi institution as Khadi or Khadi products in any form or manner without it bearing Khadi Mark tag or label issued by the Khadi Mark Committee. KVIC provides for the Khadi Registration Seva tag, a process that takes 45 days for completion. The vendor has to pay ₹10,000 as a fee for the certificate. Moreover, there needs to be a specified list highlighting that the business has a minimum 25 spinners and 5 weavers. As long as these “checks and balances” and regulations are followed anyone can retail Khadi.

There have been many debates and controversies about the Khadi Mark by the KVIC. In 2014, the word ‘Khadi’, trademarked in India, was appropriated by a German company called Khadi Naturprodukte GbRi. Indian Government raised this trademark

infringement issue with the EU and applied for a Khadi mark registration in these regions.

The KVIC sent legal notices to 222 firms in the past two-and-a-half-years for allegedly selling products without being registered for using ‘khadi mark’ or terms like handspun, handwoven and woven in handlooms. The KVIC had sent a legal notice on February 8, 2017, to Fabindia, a chain of ethnic wear retail outlets, demanding a whopping ₹525 crore in damages for “illegally” using its trademark “charkha” and selling apparels with the ‘Khadi’ tag. KVIC cautioned Fabindia of a legal action for purportedly retailing its “ready-made cotton garments as Khadi products without getting customary approvals.

KVIC - an independent body under the Union ministry of micro, small and medium enterprises said that previously in 2015 Fabindia had been asked to stop publication and marketing of products as Khadi. This has opened a large debate on what the real Khadi is and how its authenticity is determined.

11. Gaps in the Implementation of Khadi Mark

According to the Khadi Act, KVIC was established as a regulatory body for the Khadi sector facilitation and promotion, but not trading or commercial body. As per Section 15(1) of KVIC Act, the functions of the Commission shall generally be to plan, promote, facilitate, organise and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary. It is evident from the terminology of the legislation that the framers of KVIC Act, didn’t intend KVIC to be the sole agency /organization to operate in the ‘Khadi’ sector. Further the KVIC Act, does not provide any supremacy to KVIC over other organizations. On the contrary, KVIC was intended to be an agency to work along other agencies operating in the Khadi sector.

The Khadi Mark regulations are based on the powers granted to KVIC as per Section 27 read with

clause (k) of Sub-section (2) of Section 15 of the Khadi and Village Industries Commission Act, 1956.

KVIC has been granted powers to ensure genuineness and set up standards for products. At the same time, regulation 6 of Khadi Mark Regulation 2013 include the following.

- (1) Every person or certified khadi institution producing khadi shall maintain a register of artisans which shall be made available for inspection by the Commission or the Committee or any other agency authorised by the Commission, as the case may be.
- (2) Every person or certified khadi institution producing khadi shall maintain raw materials procurement register indicating source and quantity of raw materials procured and issued to artisans, conversion register indicating raw materials consumed and finished goods produced and goods dispatch register.

(3) Every person or certified khadi institution shall submit to the Commission location-wise quarterly returns indicating closing stock of raw material and finished goods in physical term through the officers of the concerned State or the Divisional offices of the Commission, as the case may be, who may record their observations on the same while countersigning such returns.

(4) The person or certified khadi institution producing khadi which is found to be not properly maintaining the stock registers with the stock that is actually found in that person or certified khadi institution shall be responsible to provide explanation to the Commission for such discrepancy and be liable for suspension or cancellation of its right to use Khadi Mark.

(5) The Commission may require the person or certified khadi institution producing khadi to maintain such other records as may be required for the purpose of implementation of these regulations and the person or certified khadi institution shall be liable to comply with such directions as may be given by the Commission from time to time.

The above regulations show that for the execution of powers granted under the KVIC Act, KVIC is permitted to inspect the stock register, verify the conversion register and verify the list of artisans, all of which appears to be beyond the powers granted to KVIC as per the parent legislation i.e. KVIC Act 1956.

Thus, as per the Khadi Act, it may have been improper to register the Khadi mark as a trademark and it should have been registered as a certification mark. Again according to the trademarks Act 1999,

12. Conclusion

Khadi sector is an over-regulated one in India, despite the benefits of Khadi fabric to the consumer and the market. The definition of Khadi and the different processes involved in Khadi making are not clear. This has led to misinformation among the sellers and buyers in the sector. No disclosure of

a certification trade mark is not registrable in the name of a person who carries on a trade in the goods that are to be certified¹⁷. Thus, running a certification mark cannot be done by KVIC legally, if it is a participant in the trade. Since KVIC itself trades Khadi, running a certification mark by KVIC raises serious questions regarding conflict of interest, as the regulator is a participant in the market, which it is supposed to regulate.

At present, Khadi certification rules are decided by KVIC as per section 15(2) (K) and (I) of Khadi and Village Industries Act, 1956 (61 of 1956) (read with Regulation 24(1) of the Khadi and Village Industries Commission Regulations, 1958). The three aspects of certification are safeguarding the purity and genuineness of Khadi, suitable wages to artisans, and assurance of fair price and quality to the customers. If the Khadi institutions are not found abiding by the above-mentioned rules and, the certification of such institutions will be cancelled by the KVIC as instructed by the Government. KVIC is, thus, the regulator cum protector of Khadi sector in India. Moreover, individual certification marks are becoming less important to the consumers in choosing products since their selection of products is largely based on the brand image rather than the certification marks, as proved by studies.

At the same time, there is no evidence that Khadi in its traditional definition is sold by private players. For instance, Fabindia, the private player itself has given an undertaking to the court that it will not use the term 'Khadi' in their current or future products.

the materials used or the processes involved.

The entire production process, sales, distribution, and marketing in the sector is fully regulated by the government through the Khadi and Village Industries Commission (KVIC). In spite of the huge

¹⁷ Trade Marks Act, 1999, §70.

amount spent on the Khadi sector in the form of grants, loans and subsidies by the government, the Khadi market still constitutes only 1 percent of the Indian textile market.^{vii} The government spending in the Khadi sector meant for the economic empowerment of the artisans in the sector is not reaching their hands, while they are in utter poverty.

The restrictive practices adopted by the government implemented through KVIC, which is the regulator

cum protector of the industry have resulted in this situation. There are significant inefficiencies associated with the systems and procedures of KVIC, resulting in the failure to achieve its objectives of rural employment opportunities generation as well as the creation of saleable articles. The Government plays a paternalistic role in the Khadi sector restricting the choices for production, sales, distribution and marketing as well as imposing the rules and regulations in the sector. This has resulted in restricting the growth of Khadi market in India.

13. Recommendations

The entry barriers to the Khadi market needs to be removed. Rather than limiting the production and sales of Khadi only through KVIC and its subsidiaries, there should be different options. The availability of the Khadi fabrics needs to be ensured in the private retail stores at competitive prices. The first and the foremost step in this regard will be the identification and recognition of the different types of Khadi production available in this country. The production process that involves handspun to the handweaving varies from region to region which has a direct impact on the quality of the final product. Each process should be disclosed and marketed accordingly. Moreover, the customers have the right to know the make (It is like Intel and AMD motherboards with different specifications used for different purposes but in a computer) and pay accordingly. The opening up of Khadi retailing to private players like Raymond and Fab India are good initiatives in this regard but they should disclose the make of their material while marketing the product under the banner 'Khadi'. Although the introduction of private players into the market has generated high demand for Khadi products among the customers, the process itself lacks transparency as it is in the strong clutches of KVIC norms. Instead, what is required is a fair and transparent market that will take care of the various production processes to the sales by disclosure of the manual skillsets involved.

Khadi sales should not be monopolised by the KVIC.

As the case has been in the legal framework, the role of KVIC in the sales is under a cloud. Instead, the sector should be opened to the private players. Like in any other sector, the government agency should not get into the business of doing business. Today, the clothing sector is facing utmost competition with the arrival of the various brands in the market. Supplementing to the unique characteristics of Khadi, the economy of the country is also growing which assures the high-value products getting sold in the upwardly mobile society. Recent steps by the KVIC to sign up with the private players is a welcome sign but it needs to be a regular cum approver cum selling agent at the end of the day. Khadi process and product need to be disclosed to everyone in the market. The Branding of the Khadi is important and it could be the game changer. The product development and marketing of Khadi products should be left to the private sector. This, along with appropriate marketing techniques like awareness campaigns among the youth on Khadi fabrics highlighting its quality can help to increase the demand for Khadi products. Already there are some initiatives for enhancing Khadi sales and competitiveness in the global market. Examples include the launching of Khadi jeans for attracting the youth market by Levis and the exhibition of Khadi products in the international fashion weeks by private textile designers like Gaurang Shah. This will be helpful in generating more income for the industry. The

economic empowerment of the poor artisans can be enhanced through this.

The spinners and weavers need to be allowed to work with the private designers without the approval of KVIC so that they will get the wages directly from these designers. This will help in increasing the benefits to the artisans and the elimination of the benefits availed by the intermediaries. But there is a challenge. Unless the khadi brand value is known to the weavers, there could be occasions by which they get less amount of money even if the companies enter the market. Hence, like BIS mark for Gold, there could be campaigns on this for different types of Khadi made, and its value proposition. It is like 24 carat, 22 carats, 20 carats

etc. Geographical indicators could be the other way. For different locations, there is history, skill sets etc. that should be leveraged.

By increasing the choices available in Khadi market for production and sales, piracy problems associated with Khadi industry like the production of fake products being sold as Khadi through unofficial channels can be put to halt. The classical definition of the Khadi is hand spun and hand woven without any aid of machinery and natural dye being used. Any deviation from the defined processes to promote more clothes and improve productivity is welcome but it should be marked out as a different product with a different brand.

i India Brand Equity Foundation (2015): *Textile Industry in India*, <http://www.ibef.org/industry/textiles.aspx>.

ii Khadi Certification and Costing, http://kvic.org.in/index.php?option=com_content&view=article&id=323&Itemid=26

iii KVIC Annual Report 2014-15

iv KVIC Annual Reports, various issues

v KVIC 2009. *Khadi certification and costing*, http://kvic.org.in/index.php?option=com_content&view=article&id=323&Itemid=26

vi MSME Annual Reports 2013-14, various issues

vii Official Indian Textile Statistics 2013-14, Office of the Textile Commissioner, Government of India

Annexures

Annexure 1

Table 1

Statewise Position of the Re-categorisation of Institutions Affiliated with KVIC/KVIBs as on December 2011

Sr. No	Name of the States	Affiliated with KVIC						Affiliated with State Board						Total
		Category						Category						
		A+	A	B	C	D	Total	A+	A	B	C	D	Total	
1	Andhra Pradesh-HYD	6	10	11	26	14	67	0	0	1	8	0	9	76
2	Andhra Pradesh-VIZ	4	5	2	0	0	11						0	11
3	Arunachal Pradesh	0	1	0	0	0	1						0	1
4	Assam	3	5	5	5	1	19						0	19
5	Bihar	1	9	33	11	2	56	0	0	1	25	0	26	82
6	Chhattisgarh	0	5	8	5	1	19						0	19
7	Delhi	0	1	3	2	1	7						0	7
8	Goa						0						0	0
9	Gujarat	0	5	6	8	2	21	8	37	53	90	15	203	224
10	Haryana	3	16	29	25	1	74	0	5	6	3	0	14	88
11	Himachal Pradesh	0	3	3	6	0	12						0	12
12	Jammu & Kashmir	0	7	12	11	4	34	0	0	1	1	1	3	37
13	Jharkhand	0	0	11	6	0	17						0	17
14	Karnataka	7	17	13	17	5	59	13	36	32	22	4	107	166
15	Kerala	8	2	1	1	1	13	5	10	2	9	1	27	40
16	Madhya Pradesh	1	8	3	13	0	25						0	25
17	Maharashtra-MUM	2	4	3	11	53	73						0	73
18	Maharashtra-NAG	2	0	1	2	25	30						0	30
19	Manipur	0	1	3	8	0	12						0	12
20	Meghalaya	0	0	0	1	0	1						0	1
21	Mizoram						0						0	0
22	Nagaland	0	1	0	0	0	1						0	1
23	Orissa	0	8	7	14	0	29	0	0	1	5	0	6	35
24	Punjab	0	5	10	3	0	18						0	18
25	Rajasthan-BKNR	0	8	6	6	3	23						0	23
26	Rajasthan-JPR	8	11	9	12	4	44	1	17	30	21	1	70	114
27	Tamilnadu-CHEN-NAI	39	3	1	0	0	43						0	43
28	Tamilnadu-MAD	13	10	2	1	0	26						0	26
29	Tripura						0						0	0
30	Uttar Pradesh-LUC	2	8	21	27	13	71	0	0	7	12	1	20	91
31	Uttar Pradesh-MEE	1	91	36	37	28	193	1	43	16	19	21	100	293
32	Uttar Pradesh-VAR	0	1	28	70	2	101	0	0	0	5	0	5	106
33	U.P.-Gorakhpur	0	2	5	18	1	26	0	0	0	10	0	10	36
34	Uttanchal	0	11	10	4	1	26	0	1	3	5	1	10	36
35	West Bengal	7	30	40	37	4	118	1	13	41	97	2	154	272
	Total	107	288	322	387	166	1270	29	162	194	332	47	764	2034

Source: <http://www.kvic.org.in/update/khadi/Con%20List%20of%20Instn.pdf>

Table 2

LIST OF KHADI CERTIFICATE SUSPENDED INSTITUTIONS

UTTAR PRADESH	
Sr. No.	Name of the Institution
1.	Govind Seva Sansthan, Gomti Nagar, Lucknow.
2.	Shri Vinoba Gramodaya Ashram, Kuravali, Mainpuri.
3.	Kajal Mahila Seva Samiti, Aligarh
4.	Saifi Gramodyog Seva Niketan Karganj, Etah.
5.	Khadi Ashram, Kuravali, Mainpur.
6.	Jan Sevak Ashram, Bhitona, Etah.

WEST BENGAL	
Sr. No.	Name of the Institution
1.	Durgadas Khadi Gramodyog Kendra, Kashipur, Dist. Murshidabad

Source: http://www.kvic.org.in/update/khadi/certificate_suspended_institutions.htm

Table 3

LIST OF KHADI CERTIFICATE CANCELLED INSTITUTIONS**(SOUTH ZONE)**

ANDHRA PRADESH	
Sr. No.	Name of the Institution
1.	Shri Godavari Zilla Sabari Jeeva Karunya Sangham, Sampavaram, Kakinada.
2.	Zilla Gram Swarajya Sarvodaya Mandali, Sarpavaran, Kakinada.
3.	Durga Khadi Gramin Abhivrudhi Sansthan, Elura.
4.	Bommidi Khadi and Rural Development Association, Bommidi, West Godavari.
5.	The Association for Generation of Rural Educational Employment and Development.
6.	Dharmaba Khadi Silk Association, Pothukuntha, Dharmavaram.
7.	Social Economic Development Society, Vizinagaram.
8.	Jagdishwara Khadi and Rural Development Association, Pulla, West Godavari.
9.	Navjeevan Upland Area Development Association Sajjapuram, West Godavari.
10.	Shri Padmavati Khadi Gram Abhivrudhi Sanstha, Padmindra Kalanu.
11.	Nagesh Village Development Sanstha, Tedepalligudam.
12.	Sarvodaya Mandali Vempadu Kala Mandal.
13.	Sidhartha Khadi and Rural Development Association, Chinamindrakolanu, Nidamara.
14.	Khadi Gramodyog Sangh, Tadevalligudam.
15.	Khadi Gramin Parishramalaya Sankshma Mandali.
16.	Chatanaya Rural Development Association, Kovur.
17.	Khadi Gramodyog Sansthan, Jaggampeta.
18.	Shri Godavari Khadi and V.I. Welfare Society, Tade Palligudam.
19.	The Chebrolu Khadi Silk Producers I.C.S Ltd., Gollaprolu.
20.	Khadi Gramodyog Sanstha, Savarakilli.
21.	Bharat Rural Development Association, Dessipurru.
22.	East Coast Rural Development Association, Tadevalligudem.
23.	Gramin Seva Samiti, Kuttur.

KARNATAKA	
Sr. No.	Name of the Institution
1.	Irfan Khadi Silk Industrial Association, Kolar.
2.	Satyagrah Memorial Khadi Gramodyog Sangh, Kolar.

(EAST ZONE)

BIHAR	
Sr. No.	Name of the Institution
1.	Tassar Utpadak Sahyog Samiti Ltd., Shahpur, Bhagalpur.
2.	Resham Khadi Niketan, Bhagalpur.

ORISSA	
Sr. No.	Name of the Institution
1.	Buddhima Khadi Silk Patta Industrial Co-op. Society, Sonapur.
2.	Babuji Gramya Shilpodyog Samiti, Khunda.
3.	Champeshwar Khadi Silk Patta Industrial Co-op, Society, Sonapur.

WEST BENGAL	
Sr. No.	Name of the Institution
1.	Gram Shilp Khadi Seva Mandir, Banwaribad, Burdwan.

(WEST ZONE)

MAHARASHTRA	
Sr. No.	Name of the Institution
1.	Adarsh Gramin Vikas Mandal, Agamer Distt. Ahmednagar.
2.	Aparamparik Urja Nirmithi Prakashan and Gram Vikas Sansthan Sangamner.
3.	Manav Vikas Khadi Gramodyog Samiti, Saki Naka, Mumbai.
4.	Akhil Bhartiya Vikas Sansthan, Saki Naka, Mumbai.
5.	Sharda Kutir Sewa Samiti, Sakinaka, Mumbai.
6.	Jan Seva Khadi & Village Society, Sakinaka, Mumbai.
7.	All India Khadi & Village Industries Development Association, Andheri (Juhu), Mumbai.
8.	Khadi Ashram Seva Mandal, Dhobi Talab, Mumbai.
9.	Sneha Gramodyog Sansthan, Andheri, Mumbai.
10.	J. M. Das Educational Trust and Social Welfare Society, Bhayander, Mumbai.

(NORTH ZONE)

PUNJAB	
Sr. No.	Name of the Institution
1.	Khadi Gramodyog Vikas Samiti, Lalru, Patiala.
2.	Swastik Khadi Gramodyog Samiti, Mubarikpur, Patiala.

HARYANA	
Sr. No.	Name of the Institution
1.	Shakumbri Kh. Gr. Sansthan, Sambhal, Yamuna Nagar,
2.	Satakshi Khadi Gramodyog Samiti, Ambala.
3.	Khadi Gramodyog Vikas Sansthan, Julana, Jind.
4.	Ambala Khadi Gr. Samiti, Saha, Ambala.

(CENTRAL ZONE)

UTTAR PRADESH	
Sr. No.	Name of the Institution
1.	Shanti Khadi Gramodyog Samiti, Saharanpur.
2.	Gram Vikas Kalyan Ashram Samiti, Kachwa, Raipur, Ghazipur.
3.	Azad Gramodyog Seva Ashram, Shah Ganj, Agra.
4.	Govin Khadi Gramodyog Seva Ashram, Pipal Adda, Etah.
5.	Bala Khadi Seva Sadan, Nagla Madi, Etah.
6.	Gramin Seva Sansthan, Aliapur, Maitha, Kanpur.
7.	Naida Khadi Gramodyog Mandal, Noiada, Ghaziabad.

Source: http://www.kvic.org.in/update/khadi/certificate_cancelled_institutions.htm

Annexure 2

Six KVIC Central Sliver Plants

Sr No	Plants	Phone	Fax/Email
1	Khadi and V.I. Commission Industrial Area, Hajipur, Dist-Vaishali - 844 101	06224-271203	NIL
2	P.B.No. 81, Plot No.9, 10 & 11, Kelagote Industrial Area, Chitradurga - 577501	(08194)-35006	(08194)- 35285 pmcspcta@sancharnet.in
3	Khadi and V. I. Commission, P.O.Kuttur, Trichur - 680 013	2387119	(0487)-2387120
4	Khadi and V. I. Commission, Ichchawar Road, Sehore - 466 001	228202	(07562)-228201
5	Khadi and V.I. Commission, Plot No.C-14,Road No.2, Amawan Road,Industrial Area, Rai Bareilly - 229 001	2217093	(0535)-2217088
6	Khadi and V.I. Commission, 19-A Aruna Nagar, Etah - 207 001	(05742)- 235509	(05742)-233740

Source: http://kvic.org.in/oldwebsite/index.php?option=com_content&view=article&id=349&Itemid=27

Annexure 3

Model Cost Chart by KVIC

Raw Material	32.261
Pre-processing Wages	6.041
Spinning Wages	13.280
Spinning Artisan Welfare Fund @ 10%	1.328
Spinning Artisan Incentive @10%	1.328
Maintenance, Depreciation etc.	2.988
Weaving Wages	13.986
Weaving Artisan Welfare Fund	1.398
Weaving Artisan Incentive @10%	1.398
PRIME COST	74.008
Trade Margin @3%	2.230
Publicity @0.5%	0.358
Insurance	0.743
Bank Interest @5.5%	4.076
ESTABLISHMENT MARGIN @ 20%	16.272
PROCESSING CHARGES	2.313
UNIT RETAIL SALE PRICE	100.000

Source: <http://www.kvic.org.in/update/khadi/KHADI7.html>