

# WORKSHOP

## MODIFIED MARKETING DEVELOPMENT ASSISTANCE

For  
*Khadi Institutions/ Societies*

- ◆ GUIDELINES
- ◆ FORMULATION/  
SUBMISSION
- ◆ ASSESSMENT
- ◆ UTILISATION

**TIME:**  
12-00 Noon

**DATE:**  
28-06-18

**VENUE:**  
Conference Hall, 3<sup>rd</sup>  
Floor, 12, B.B.D Bag,  
Kolkata-01

**ORGANISED BY**



West BeNGAL KHADI & VILLAGE INDUStRIes BOARD  
(KHADI SECTION)

12, B.B.D. Bag, KolKata- 700 001,



Website: [www.wbkvib.org.in](http://www.wbkvib.org.in), email: [ceowbkvib@gmail.com](mailto:ceowbkvib@gmail.com)



**WEST BENGAL KHADI & VILLAGE INDUSTRIES BOARD**

**12,B.B.D.BAG, KOLKATA – 700001**

Website: [www.wbkvib.org.in](http://www.wbkvib.org.in)

## **CIRCULAR**

**Sub: Guidelines for implementation of MMDA scheme w.e.f 01.04.17 in place of MDA.**

State Government has accorded approval vide memo no. 169 MSME-T(v)/2K-09/15 dtd. 18.01.2018 for introduction of Modified Marketing Development Assistance (MMDA) scheme with effect from 01.04.2017 in lieu of existing MDA for Khadi Institutions in this state as per Govt. of India's Circular no. DK/KC/Khadi/MPDA/Guidelines/16-17 dtd- 26.12.16 and guidelines laid down therewith duly issued by the Ministry of Micro, Small & Medium Enterprises, Directorate of Khadi.

Extract of the Circular DK/KC/Khadi/MPDA/Guidelines/16-17 dtd. 26.12.16 & approval of MSMET Deptt., Govt. of W.B. are as follows.

- i) The existing MDA scheme has been modified and termed as Modified MDA (MMDA).
- ii) The Modified MDA shall be calculated at 15% on **Prime Cost**. **Prime Cost** shall include cost of raw material plus conversion charges upto grey cloth plus processing charges without Margin, as specified in cost chart. It does not include establishment margin, trade margin, insurance & bank interest.

A comparative statement including components of PRIME COST & COST OF PRODUCTION (TOTAL COST) for calculation of MDA & MMDA is placed at ANNEXURE I.

- iii) Under MMDA scheme, the artisans who are engaged in pre processing activities of spinning, weaving and dyeing will also be considered as registered artisans of Khadi Institution. They shall be considered as one of the stake holder of MMDA grant.

- iv) Khadi Institutions undertaking production as well as sales activity shall be entitled for 50% of MMDA on Prime Cost. Rest 50% shall be distributed among the artisans.

The detailed distribution of MMDA share is shown in ANNEXURE II.

### **Periodicity of MMDA claims:-**

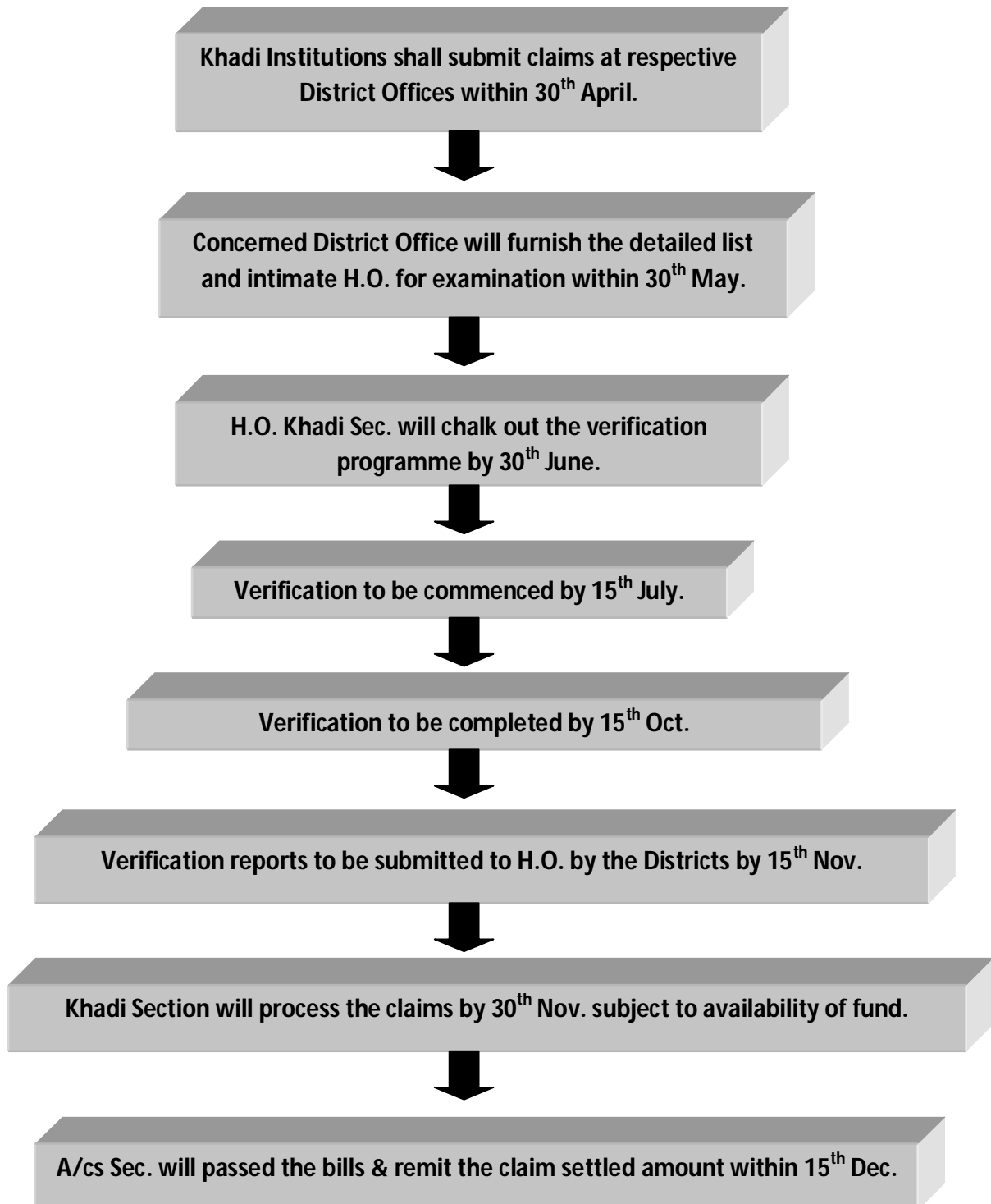
All the Khadi Producing Institutions shall submit annual claims of MMDA on prime cost within 15<sup>th</sup> May of every year. The claims to be submitted to the respective District Offices of the WBKVIB. The claims not submitted in time will not be considered for acceptance.

The Khadi Institutions shall submit their claims as per prescribed format- duly issued by KVIC shown in ANNEXURE III.

### **Settlement of Claims:-**

After receiving the MMDA claims from Khadi Institutions, the concerned District Officer of KVIB will intimate the quantum of claims to H.O. Concerned section of H.O will frame desired checking programme to undertake verification of such claims. After completion of verification the concerned District Office will forward the verification reports with necessary recommendation to H.O. for payment. Payment will be initiated time to time subject to availability of MMDA budgetary fund to be received from St. Govt.

Tentative time schedule for entire work as follows:-



### **Furnishing of Utilization Certificate:-**

The Khadi Institutions availing MMDA are bound to furnish utilization certificate as soon as possible. All the Khadi Institutions must furnish utilization certificates against remittance of artisans share through aadhar linked bank a/c within 14 days from the receipt of MMDA fund.

### **Audit verification of MMDA claims:-**

MMDA Claims of all Khadi producing Institutions to be verified periodically by the special team from KVIB time to time. The MMDA claims will also be opened for internal audit by the Chief Controller of Accounts of the Ministry of MSME.

As the funds for MMDA would be extended from public funds, the office of Controller and Audit General of India will have the right of conducting audit/ test check or otherwise as decided by that office.

Copy of MMDA claim Verification Report- ANNEXURE- IV

## **Points to be taken care while utilizing the MMDa grant & submission of Util isation CertifiCate**



### **• INCENTIVE TO ARTISANS & STAFF**

- Such incentive should be paid directly to artisans aadhar linked bank/post office a/c.
- No such incentive to be paid either in cash or in kind.
- Incentive out of MMDA should not be adjusted against any recovery.
- Authenticity of the payment and veracity of such transactions should be specific.
- Furnishing of detail statement against such incentive remittance is mandatory.

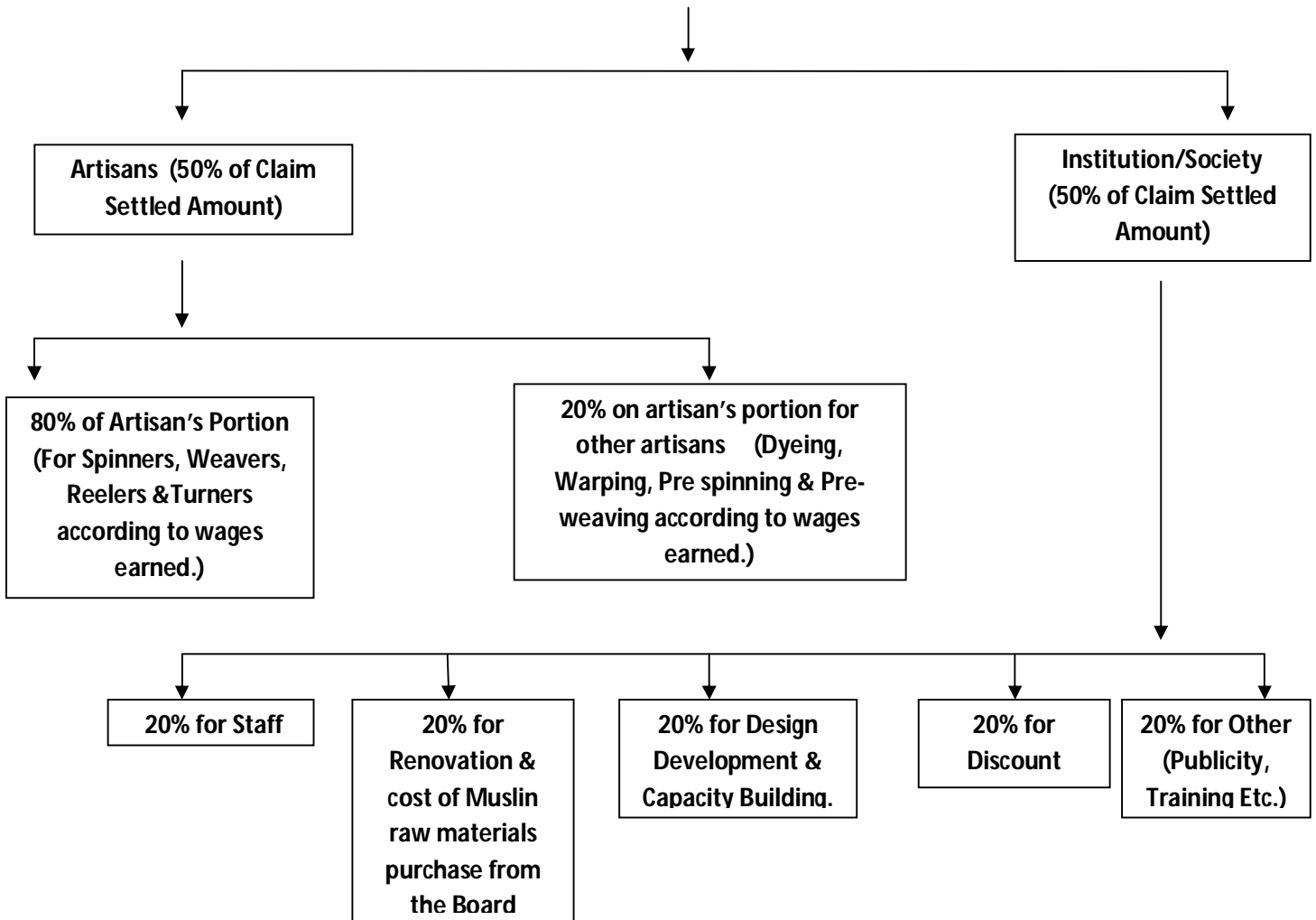


### **• UTILISATION FOR DESIGN DEVELOPMENT, TRAINING, RENOVATION ETC.**

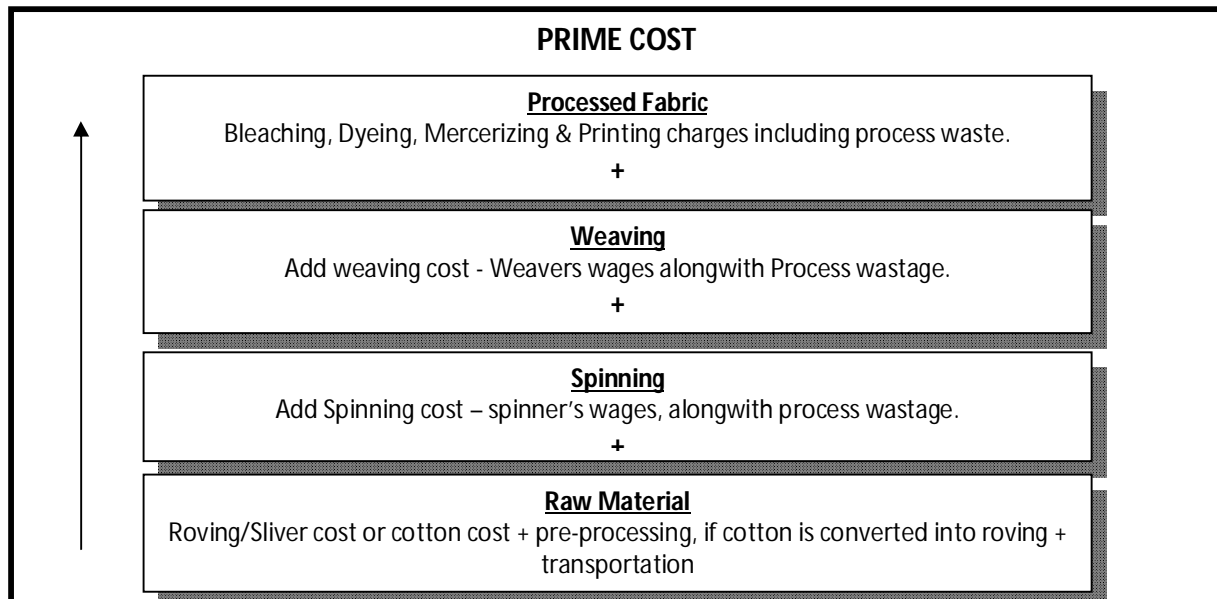
- Expenditure under each head should be specific & verifiable.
- All the relevant vouchers against such expenditure must be in order.
- Capacity building, training to be imparted through reputed and enlisted agencies and that should be need based.

Distribution of MMDA grant (Diagram representation)

**MMDA (State Govt.) 15% on Prime Cost (Claim settled amount)**



**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%) etc & allowable establishment margin.



Comparison of components of Prime Cost and Total Cost

<u>Components for MDA</u>	<u>Components for MMDA</u>
Cost of raw materials + 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 <b>PRIME COST</b> + Permissible provisions such as trade expenses, Bank interest, insurance etc. on Prime Cost*. + Allowable margin on Prime Cost* (to meet establishment expenditure) <b>TOTAL COST OF PRODUCTION.</b>	Cost of raw materials + Spinning/reeling and weaving charges including process wastage, artisan incentive and Artisan Welfare Fund etc. + Wet processing viz. bleaching dyeing, printing mercerizing, finishing charges etc. along with process waste <b>PRIME COST</b>

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

**ANNUAL MMDA (STATE GOVT) CLAIM FORM**

ANNEXURE - III

(To be filled in by the society/institution and to be submitted to WBKVIB)

**YEAR :** .....

- a) Name & Address of the Institution/Society :
- b) Telephone Contact 1. Land line :  
2. Mobile :
- c) Affiliated to :
- d) Category as to 1. Performance : A/B/C  
2. Turnover : Major/Medium/Small  
3. Status of Khadi Samity : Normal/Problematic
- e) Renewal of registration upto :
- (as per Society Registration Act.)
- f) 1. Khadi Certificate No. & Validity :  
2. Polyvastra Certificate No. & Validity :
- g) KVIC Code No. of the institution/Society :
- h) 1. Name & Address of the Bank Branch :  
2. Bank Account No. with IFSC Code :
- i) Name of the Secretary of Khadi Institution/  
Society with Contact No. :
- j) Item Wise **Prime Cost & MMDA** Claim:

**DECLARATION**

I shall abide the approved Guideline of WBKVIB and hereby declare that the institution will take steps to enhance artisans'

Variety	Cotton/Muslin (Rs.)	Silk (Rs)	Polyvastra (Rs.)	Total (Rs.)	Remarks If any
PRIME COST OF KHADI PRODUCTION					wages compr omisin g quality of cloth and designs it is also certifie
TOTAL MMDA CLAIMED (@15% on Prime Cost)					
For Khadi Artisans (50% over total MMDA)					
For Khadi Society/Institution (50% over total MMDA)					

d that Rs. .... (Rupees:.....) only being the quantum of MMDA claim submitted to the West Bengal Khadi & Village Industries Board, 12, B.B.D Bag, Kolkata – 700001 for payment.

Signature of the Secretary  
With Seal & Date

**FOR OFFICE USE**

Certified that Rs.....(Rupees.....) only being the quantum of component MMDA in favour of Khadi Society and Rs..... (Rupees.....) only being the quantum of component of MMDA in favour of artisans against additional incentive are recommended for settlement after due verification on ..... by undersigned

1. Signature of verification officials 2. Signature of verification officials 3. Signature of verification officials  
Above noted recommendations may/ may not accepted

Signature, Date and Seal of the District Officer/  
District Officer, In Charge

(.....)

### **Calculation of MMDA for Artisans (Spinners, Weavers etc. ) :**

The MMDA guidelines stipulate that 50% of eligible MMDA amount shall be passed on to the artisans. Out of artisan's portion, 80% to be distributed among the spinners, weavers, reelers & turners in the form of incentive or bonus in addition to their normal wage earning. Such additional wages shall not be included in the cost of Khadi or Polyvastra. It is suggested that all the Institutions shall utilize the portion of MMDA for payment of incentive/bonus in the manner as mentioned hereunder.

#### **Examples:**

Cost of Production	:	Rs. 1.00 lakh
Prime Cost	:	Rs.0.67 lakh
Total eligible MMDA	:	Rs.0.10 lakh (Approx)
Artisan's Portion (50%)	:	Rs. 0.05 lakh
Institution Portion (50%)	:	Rs. 0.05 lakh

#### **Total Wages Paid (Base Wages):**

Spinners	:	Rs. 10,000/-
Weavers	:	Rs. 14,000/-
<b>Total</b>	:	<b>Rs. 24,000/-</b>

( I. Base wages for Spinners : Hanks Produced x Rate per Hank.

II. Base wages for Weavers : Meter Produced x rate per meter)

Incentive @10% & AWFT @12% as stated in cost chart should not be considered for calculation of base wages.

$$\text{Common factor} \longrightarrow \frac{\text{Available MMDA (Artisan's Portion)}}{\text{Total Wages Paid}} \longrightarrow \frac{\text{Rs. 5,000}}{\text{Rs. 24000}} = \text{Rs. 0.208}$$

Incentive to Spinners	:	Rs. 10000 x 0.208 = 2080
Incentive to Weavers	:	Rs. 14000 x 0.028 = 2912
		<b>Rs. 4992</b>

To justify the production cost and base wages, Institutions must follow the cost chart of KVIC.



**Documents/Papers to be checked for settlement of eligible MMDA grant of a Institution/Society:**

1. Claim Bill.
2. SFC Approved target.
3. Renewal of Khadi certificate.
4. Khadi mark certificate.
5. GST Registration certificate.
6. Cash Book.
7. General Ledger.
8. Purchase challan & register. (Raw material)
9. Resolution Book for formation of purchase committee etc.
10. Hath chitha of artisans.
11. Production Register.
12. Balance Sheet.
13. Purchase & Sale return register.
14. Wage payment register.
15. Payment Vouchers.
16. AWFT deposit slips/receipts.
17. Confirmation of Sundry Debtors.

Apart from above, entrusted checking officials may go through any other document as need based.



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MMDA(State [Govt.@15%](#)) CLAIM VERIFICATION REPORT FOR THE YEAR.....

1.NAME & ADDRESS OF THE SOCIETY : .....

Vill.....

P.O.....

DIST.....

2.E-MAIL ID : .....

3.AFFILIATED TO : KVIC/KVIB

4.CATEGORY : A+/A/B/C

5.KHADI CERTIFICATE NO. : .....

6.RENEWAL OF REGISTRATION :  
UPTO.....

7.KHADI MARK REGISTRATION NO. :  
.....

8.GST REGISTRATION NO. : .....

9.OFFICIALS ENTRUSTED : i).....  
FOR VERIFICATION

ii).....

iii).....

10.DATE OF VERIFICATION :  
.....

11.BANK DETAILS : BANK.....

BRANCH.....

A/C NO.....

IFS CODE NO.....

12.TOTAL MMDA CLAIMED : Rs.....  
(As submitted)

13.SFC APPROVED PRODUCTION TARGET AND ACHIEVEMENT :

ITMES	SFC APPROVED TARGET VALUE (Rs.)	Admissible Prime COST AGAINST TARGET	PRODUCTION ACHIEVED (Rs.)	PRIME COST AGAINST PROD. ACHIEVED	PERMISSIBLE PRODUCTION AS PER SFC (Which ever is less) (Rs.)	PRIME COST OF PERMISSIBLE PROD.	MMDA CLAIMED ON PRIME COST (Rs.)	REMARKS
COTTON/MUSLIN								
SILK								
WOOLEN								
POLY								

**14. AVAILABLE INFRASTRUCTURE & UTILISED THERE ON :**

ITEMS	AVAILABLE (NOS)				UTILISED DURING THE YEAR (NOS.)				Remarks
	Charkha	Loom	Reeling Machine	Ghai	Charkha	Loom	Reeling Machine	Ghai	
Cotton Muslin									
Silk									
Wool									
Poly									

**15. CONSUMPTION OF RAW MATERIALS (Including yarn purchased) :**

Items	Sliver/Cotton/Roving		YARN		LATHA		Cocoon		REMARKS
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	
Cotton Muslin									
Silk									
Wool									
Poly									

**16 A) ARTISAN DETAILS :**

Category of Artisans	No. of Registered artisans	Artisans involved in Production No.	Performance		Wages paid (Rs.)	No. of Bank A/Cs maintained	Remarks
			Quantity	Value (Rs.)			
Spinners							
Reelers							
Turners							
Weavers							
Others (Involved upto grey Cloth Prod.)							

**16 B) ARTISANS WELFARE DETAILS : (AWFT AND JBY)**

YEAR	AMOUNT DEPOSITED TO AWFT (Rs.)	Amount Outstanding (Rs.)	No. of Artisans covered in JBY	Amount Paid or Shown in Balance Sheet on A/C JBY	Remarks

**17. ASSESSMENT OF KHADI WORKING FUND & OWN FUND:**

KVIB/KVIC Fund	CBC Fund (KVIB/KVIC)	BANK FINANCE AVAILED (Rs.)	OWN FUND (Rs.)	TOTAL WORKING FUND (Rs.)

**18. CALCULATION OF PRIME COST AGAINST KHADI PRODUCTION - Rs.....**

Items	Cotton (Rs.)	Silk (Rs.)	Wool (Rs.)	Poly (Rs.)	Total (Rs.)
a) Value of total Raw Material consumed.					
b) Artisans charges (including process wastage, artisans incentives & AWFT Fund etc).					
c) Wet processing charges (bleaching, dying, finishing printing etc) & Processing waste.					
d) PRIME COST (a+b+c)					

P.T.O

**19. BOOKS OF A/C , DOCUMENTS/PAPERS VERIFIED :  
AND OBSERVATIONS THEREIN**

**20. FINAL SETTLEMENT OF MMDA CLAIM ON PRIME COST :**

**a) MMDA claim submitted by the Institution**

Rs.....

**b) Permissible PRIME COST of Production as per SFC Target**

Rs.....

**c) Prime cost derived on verification**

Rs.....

**d) Gross MMDA eligible on verification (15% of total Prime cost) Rs.....**

Less i) Due to infrastructural shortage Rs.....

ii) Due to improper consumption of raw materials Rs.....

iii) Due to.....Rs.....

iv) Due to .....Rs.....

} Rs.....

-----

**NET MMDA SETTLED**

Rs.....

Rupees

..... only.

19. Certification/Recommendation of  
above is the verifying officials  
for payment .

: Certified that the net amount of MMDA as shown  
recommended /not recommended

Certified that the net admissible MMDA  
as settled on verification to the tune of  
Rs.....(Rupees .....

**SIGNATURE OF VERIFYING OFFICIALS  
WITH DATE**

..... only for  
the year.....is agreed by me.

**SIGNATURE OF THE SOCIETY'S SECRETARY  
WITH DATE AND SEAL**

RECOMMENDATION FOR PAYMENT OF MMDA AS SETTLED MAY /MAY NOT BE ACCEPTED

**SIGNATURE OF THE DISTRICT OFFICER/  
DISTRICT OFFICER IN-CHARGE  
WITH DATE AND SEAL**



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YEAR :-----

DETAIL CALCULATION SHEET OF ITEM WISE PRIME COST & COST OF KHADI PRODUCTION (SL. NO.-18)

NAME OF THE KHADI INSTITUTION :							
Sl. No.	PARTICULARS	COTTON/ MUSLIN KHADI		SILK KHADI		VALUE (Rs.)	REMARKS
		Qty.	Value (Rs.)	Qty.	Value (Rs.)		
1.	Cotton Sliver/ Roving						
2.	Cocoon						
3.	Spinner/ Reeler/ Turners wages						
4.	Yarn Produced						
5.	Yarn Purchased						
6.	Yarn Consumption						
7.	Weaving Wages						
8.	Dyeing charges						
9.	Bleaching charges						
10.	Washing charges						
11.	Printing charges						
12.	Any other processing charges up to grey cloth						
	<b><i>PRIME COST</i></b>						
1.	TRADING MARGIN @ 3% on Prime cost						Such margins not to be considered for assessment of MMDA claim.
2.	BANK INTEREST @ 4% on Prime cost						
3.	INSURANCE CHARGES @ 1% on Prime cost						
4.	ESTABLISHMENT EXPENSES @ 25% on Prime cost						
	TOTAL COST OF PROD.						

MMDA recommended @ 15% on PRIME COST	Cotton Muslin (Rs.)	Silk (Rs.)	Total (Rs.)

SIGNATURE OF VERIFYING OFFICIALS  
DISTRICT OFFICER

[13]

WBKVIB

