

MILL GATE PRICE SCHEME

INTRODUCTION

Handloom Weaving is a labour intensive occupation spread throughout the country, mostly in villages. The Handloom sector employs over 65 lakh persons in weaving and allied activities (as per Joint Census of Handlooms and Powerlooms 1995-96). The main raw material used by this sector is yarn, which is being produced by spinning mills. The yarn trade was controlled by the traders and most of the handloom weavers were dependent on the traders for their yarn requirement. This had resulted in unchecked escalation in yarn prices and shortage in its availability.

Government of India had felt the need for the formation of a National Level Apex Body to overcome those problems by effective intervention in the yarn market and therefore, set up the National Handloom Development Corporation (NHDC) Ltd., a Government of India Undertaking in 1983. The main objective of NHDC is to make available to weavers throughout the country, yarn of the appropriate and required quality, through a well-ordered system. The yarn manufactured in a particular place is based on the quality of cotton available in and around that place, while the yarn consumed by the weavers in a particular area is based on the consumption pattern prevailing in that area. Therefore, in most of the cases, weavers have to depend on the yarn produced in other areas. The transportation of yarn from one place to another, increases the cost of yarn considerably putting the weavers at a disadvantageous position. Keeping the above in view, Government of India introduced a scheme for Supply of yarn at the price in which it is available at the Mill Gate in 1992. Under the scheme the transportation expenses involved in supply of yarn are reimbursed by the Government of India. The nodal agency for the implementation of this scheme is NHDC.

Government of India has also been providing equity to the NHDC for strengthening its activities. Since strengthening of NHDC by enhancing its capital base is an integral part of its main activity i.e. implementation of the Mill Gate Price Scheme, it has been considered appropriate to merge the component of Investment in NHDC with the Mill Gate Price Scheme. Thus, this scheme titled Mill Gate Price Scheme has two components, namely, (i) Supply of yarn at Mill Gate Price and (ii) Investment in NHDC.

A. SUPPLY OF YARN AT MILL GATE PRICE

1. OBJECTIVE:

The objective of this component is to make available all types of yarn at Mill Gate Price to the eligible handloom weavers so as to facilitate regular supply of basic raw materials to the handloom sector and help utilize the full employment potential of the sector

2. SCOPE OF THE SCHEME:

2.1 The agencies which will be eligible to avail of the benefit of the scheme will be as under:

- a) All handloom organizations of National /State/Regional/Primary Handloom level.
- b) Handloom Development Centres.
- c) Handloom producers/ exporters/ manufacturers registered with HEPC/ any other export promotion council under Ministry of Textiles/Director of Industries/Handlooms of State/U.T.
- d) All approved export houses/trading houses/star trading houses for production of handloom items.
- e) The Consortium/producers Company formed in the handloom clusters sanctioned under IHDS/IHCDS.
- f) Members of recognized/approved handloom associations.
- g) NGOs fulfilling CAPART norms.
- h) **Self Help Groups/ Joint liability Groups.**
- i) **Weaver entrepreneurs.**
- j) **Individual handloom weaver and**
- k) Any other agency approved by the Office of the Development Commissioner (Handlooms), Ministry of Textiles, Government of India.

2.2 All types of yarn required for production of handloom items can be made available at Mill Gate Price. The Mill Gate Price means the price at which the yarn is procured from **the registered licence holders of Silk Exchange in case of Indian Silk Yarn, ex-ware house price for DGFT Registered Importer and landed price (inclusive of C&F and any other applicable port charges) at Indian ports for import by NHDC in case of imported silk yarn,** processors/ dye houses in the case of dyed/processed yarn and reputed spinning mills in the case of cotton and other types of yarn. In the case of silk yarn and dyed/processed yarn, NHDC should ensure that all payments from user agencies and NHDC would be made through A/C Payee cheque drawn from their own bank accounts.

3. ORGANISATIONAL ARRANGEMENT:

3.1 National Handloom Development Corporation (NHDC) will be the implementing Agency.

3.2 The supply will be made by NHDC only to the eligible agencies mentioned at 2.1.

4. SUPPLY MECHANISM:

4.1 The eligible agencies will place their indents on NHDC under the Scheme.

4.2 NHDC will tie-up the supplies from the suppliers as per the demand specifications.

4.3 The user agencies should use the yarn under the scheme for captive production of cloth on handloom or for supply to their member societies/weavers directly enrolled under them by passing on the benefits of the scheme to them in full.

Each user agency will furnish to NHDC an undertaking to this effect in the format prescribed at Annexure-I.

5. CLAIM REIMBURSEMENT:

5.1 Under the Mill Gate Price Scheme, following assistance shall be provided by the Government of India as per rates mentioned in Paragraph 5.2:

- (i) Freight reimbursement for transportation of yarn.
- (ii) Expenses of operating the yarn depots @ 2.5%, based on actuals.
- (iii) Service Charges to NHDC for its role as nodal agency for the implementation of the Mill Gate Price Scheme.

Out of these, the assistance mentioned in items (i) and (ii) shall be paid by the NHDC to the eligible agencies (mentioned in Paragraph 2.1) and will be reimbursed to the NHDC subsequently by the Government of India.

5.2 The rates for freight reimbursement, depot operating expenses and service charge of NHDC will be as follows:

(a) **For supply in plains:**

(% of value of yarn supplied)

Type of Yarn	Maximum freight reimbursement to eligible agencies	Depot operating expenses to eligible agencies	Service charge to NHDC
Other than silk and jute yarn	2.5 %	2.5 %	1.5 %
Silk Yarn	1.0 %	2.5 %	1.5 %
Jute Yarn	10 %	2.5 %	1.5 %

(b) **For supply in Hills and Remote areas:**

(% of value of yarn supplied)

Type of Yarn	Maximum freight reimbursement to eligible agencies	Depot operating expenses to eligible agencies	Service charge to NHDC
Other than silk and jute yarn	2.5 %	2.5 %	1.0 %
Silk Yarn	1.25 %	2.5 %	1.0 %
Jute Yarn	10.0 %	2.5 %	1.0 %

(c) **For supply in North Eastern Region:**

(% of value of yarn supplied)

Type of Yarn	Maximum freight reimbursement to eligible agencies	Depot operating expenses to eligible agencies	Service charge to NHDC
Other than silk and jute yarn	5.0 %	2.5 %	0.75 %
Silk Yarn	1.5 %	2.5 %	0.75 %
Jute Yarn	10.0 %	2.5 %	0.75 %

5.3 Where NHDC will supply yarn for **delivery directly i.e. not through yarn depots**, NHDC shall be reimbursed only the freight reimbursement and service charges as mentioned in Paragraph 5.2.

5.4 NHDC needs to meet freight cost on differential basis out of the subsidy received by it, as per Paragraph 5.2. The rate of freight reimbursement for North Eastern States has been

kept higher keeping in view the special requirements of the area. The rate of reimbursement has been calculated based on the volume and trends of prevailing price and freight charges in transporting the yarn from the mills to the agencies. Prioritisation of area is needed to give emphasis to North Eastern and Hill/Remote region.

- 5.5 Besides the cost of yarn, NHDC shall also bear the transportation expenses on the yarn supplied from the point of procurement, i.e., spinning mills/registered licence holders in the silk exchange and process/dye houses in the case of processed/dyed yarn to the point of delivery i.e., the godown of the agencies situated in their operational area. To facilitate easy accounting of the transportation cost, NHDC shall forward the goods on freight “to pay” basis and the amount paid by the user agencies shall be reimbursed to them in full by NHDC on quarterly basis, on submission of claim bills supported with LR/GR etc. The actual cost of transportation or the rates of freight reimbursement mentioned in Paragraph 5.2, whichever amount is less, will be allowed. NHDC shall be reimbursed this amount by Government of India. The payment for transportation charges to the user agencies by NHDC shall be made through cheques drawn on its own bank account. In no case, shall NHDC make direct payment to the transporters either in cash or through cheque. The details of yarn purchase, transportation etc. must be furnished by the user agency in the format prescribed in Appendix “B” to Annexure- II.
- 5.6 As far as possible, NHDC should draw up a viable procurement plan much in advance, in order to ensure that the supplies are made without interruption from the nearest mills situated in the same or nearby states.
- 5.7 The Government’s assistance is payable only after the yarn sold is actually delivered to the user agency. The assistance at the prescribed rates will be payable on a quarterly basis at the end of each quarter on production of audit certificate by NHDC in the form prescribed by the Office of the Development Commissioner (Handlooms) – (Annexure-II and Appendix ‘A’ to Annexure-II).

This certificate will have to be issued by a Chartered Accountant. The audit certificate shall be supported by the agency-wise details of yarn supplied (Appendix-‘B’ to Annexure-II) to be furnished separately by each user agency. The agency shall also furnish to NHDC a copy of LR/GR etc. with its claim.

- 5.8 The Government’s assistance at the prescribed rates will be paid in full after the submission of the audit statement, which will be scrutinized by the Office of the Development Commissioner (Handlooms). In order to enable timely reimbursement of the transportation expenses incurred by the user agencies, NHDC shall be advanced a sum not exceeding Rs.100.00 lakh at the beginning of each quarter to be adjusted against the final claims for the corresponding quarter subject to the condition, that the accounts for the advance given to NHDC in previous years are fully settled by NHDC.

6. OPERATION OF DEPOTS:

6.1 OBJECTIVE:

Handloom Weavers have been constantly facing problems in the timely supplies of yarn in remote, interior and distant places. It is necessary that infrastructure be developed and optimally utilised in these areas to facilitate timely supply of yarn. To encourage various agencies to operate depots on a continuous basis, all categories of yarn (i.e. yarn procured under Mill Gate Price Scheme and also yarn procured directly by the agencies) shall be supplied through yarn depot. However, the value and quantum of yarn supplied by NHDC under Mill Gate Price Scheme only shall be counted for reimbursement of depot operating charges. During the XI Plan period, the NHDC should set up more yarn depots with better and wider spatial distribution.

6.2 COVERAGE:

All agencies as covered under Paragraph 2.1 will be authorized to operate depots.

6.3 LOCATION:

Location of these depots shall be decided by the agency with the concurrence of NHDC.

6.4 Although no new staff shall be engaged for operating the depots, the expenses in operating the depots shall be reimbursed to the operating agency by NHDC @ 2.5%. NHDC shall be reimbursed this amount by Government, based on actuals, out of the provisions for Mill Gate Price Scheme on submission of claim to NHDC in **Appendix “C” to Annexure-II.**

7. OPERATION OF MOBILE VANS:

7.1 OBJECTIVE:

To reach the weavers in remote areas, agencies need to operate mobile vans, periodically so that weavers are not affected due to non-availability of yarn.

7.2 COVERAGE:

All agencies as covered under Paragraph 2.1 will be authorised to operate mobile vans. However, the agencies which are authorised to operate depots will not be permitted to operate mobile vans.

Upto 40 mobile vans could be operated in such a manner that facility of at least one mobile van is available in each state. Additionally, operation of more mobile vans can be considered with the approval of the office of the Development Commissioner for Handlooms. Preference will be given to the North East region and hilly areas. For providing this facility to remote areas in the rest of the country, Office of the

Development Commissioner for Handlooms will identify the remote areas in consultation with the Planning Commission.

7.3 ASSISTANCE

A mobile van could be operated for 20 days in a month by the agency. Reimbursement on running the mobile vans will be @ Rs.1,500/- per day or actual expenditure, whichever amount is less. Mobile van may also be utilized for procurement of handloom clothes and to that extent expenditure would be included within the overall ceiling given above.

Expenditure for the operation of mobile vans will be reimbursed to the agencies by NHDC. NHDC will be reimbursed this amount based on actuals along with the reimbursement as per Paragraph 5.2 of the guideline on receipt of audited claim in **Appendix “D” to Annexure-II** along with regular reimbursement of freight charges.

The reimbursement to NHDC for the operation of mobile van, in addition to the flat rate of assistance mentioned at Paragraph 5.2, will be limited to a maximum of Rs.36.00 lakh per year.

8. MONITORING:

The implementation of this component will be monitored by the Board of Director of NHDC and the Office of the Development Commissioner for Handlooms regularly.

9. PUBLICITY

There is a need to widely publicize the benefits of the Mill Gate Price Scheme. Focused publicity of the scheme will be done through newspapers in vernacular languages, printing and distribution of pamphlets and hand bills, pasting of posters, wall paintings and Buyers-Sellers Meets etc. Publicity of the scheme will be done by National Handloom Development Corporation, expenditure on which will be reimbursed by the Office of the Development Commissioner for Handlooms.

10. 10% PRICE SUBSIDY ON HANK YARN:

Background

To mitigate the cost disadvantage of handloom sector, the Government of India in the past exempted cotton hank yarn used by the handloom sector from excise duty, whereas cotton cone yarn (used in powerlooms and mills) had 9.2% CENVAT levied on it. Subsequently, in 2004, CENVAT on cotton cone yarn was also removed. As a result, the price differential between the two vanished and handlooms no longer enjoyed price advantage in the crucial raw material. Since handloom products are inherently more expensive due to long lead time in weaving due to complex and exquisite designs, and

lower productivity as compared to powerloom, it is essential to provide explicit subsidy on hank yarn.

- (ii) In view of the above, it has been decided to provide **10% price subsidy on Hank Yarn distributed in the handloom sector.** The subsidy will be provided upfront to the beneficiary. This will ensure that the price advantage, which was available to handloom sector prior to abolition of CENVAT on cone yarn, will be made available to it again. This will not only help the handloom sector to survive and become self sustainable in the long run but also enable them to compete with powerloom products.

10.2. Implementing Agencies

The following agencies will be the eligible implementing agencies:

- (i) National Handloom Development Corporation (NHDC)
- (ii) State Governments through Commissioner/Director of Handlooms & Textiles
- (iii) State Handloom Corporations and Apex Societies under direct control of State Governments.

Other than NHDC, all other eligible implementing agencies would require prior written permission from Development Commissioner (Handlooms) before commencing supply of hank yarn under 10% Price Subsidy component. This will ensure that there is no multiple supply to the same beneficiary from different implementing agencies, and also to ensure that the budget provision is not exceeded.

10.3 Beneficiary Agencies:

The agencies which will be eligible to receive subsidized yarn under the Scheme are as under :

- a) All Handloom Organisations including weavers cooperative societies at National / State/ Regional/ Primary handloom level;
- b) Handloom exporters registered with HEPC
- c) Self Help Groups/Joint Liability Groups/Individual Weavers/Weavers entrepreneur.

Note :

1. Entrepreneur, who is involved in actual weaving activity alongwith marketing and other activities and owns looms in his premises, will be the eligible weaver entrepreneur.
2. No. of looms owned and functional in the premises of Exporters and weaver entrepreneurs will be counted for yarn subsidy purposes.
3. Under the 10% price subsidy component, the yarn will be supplied either to the individual weaver or to his agency of which he is a member (i.e. self help group, joint liability group, cooperative society, producer company), but not to both.

10.4 Types of Yarn and Eligible Quantity

- (i) **Cotton and Domestic Silk Yarn** required for production of handloom items will be covered under the 10% Price Subsidy scheme.
- (ii) For the purposes of yarn subsidy, the quantity of hank yarn supplied to a weaver or to an eligible agency will be restricted in terms of number of handlooms as below :

Cotton (below 40s counts)	30 Kgs./loom/month
Cotton (40s counts and above)	10 Kgs./loom/month
Silk Yarn	4 Kgs./loom/month.

- (iii) In case of double/ply yarn, the resultant count will be considered for deciding the eligible quantity.

10.5 Service Charges to Implementing Agencies

- (i) National handloom Development Corporation, which is the implementing agency of Mill Gate Price Scheme, will be eligible for an additional 0.5% of the value of yarn as service charge for yarn supplied under the 10% price subsidy on hank yarn component over and above that specified in the MGPS (given in para 5.2) For yarn supplies made by the other Implementing Agencies, they will be eligible for service charges as prescribed in table below:

(% of value of yarn supplied)

Area	Service Charge
For Plains	1.5%
For Hills & Remote Area	1.0%
For NER	0.75%

- (ii) Implementing Agencies other than NHDC will not be eligible for freight reimbursement and depot operating expenses of MGPS under 10% Hank Yarn Price Subsidy component.

10.6 Operational guidelines

10.6.1 General Guidelines

- (i) 10% price subsidy on cotton and silk hank yarn will be provided upfront to the beneficiary agencies.
- (ii) The number of handlooms of each and every eligible agency will be verified by the State Directorate of handlooms/NHDC.
- (iii) Yarn Passbook will be issued to all eligible agencies and individual handloom weavers.
- (iv) To ensure yarn supply within the budget allocation, the State-wise allocation of **no of looms to be issued yarn pass book (silk and cotton)** will be made in the beginning of the year based on the no. of commercial looms in the state.

(v) Under the 10% price subsidy component, the yarn will be supplied either to the individual weaver or to his agency of which he is a member (i.e. self help group, joint liability group, cooperative society, producer company), but not to both.

(vi) In order to provide 10% price subsidy on hank yarn upfront to the user agencies, National Handloom Development Corporation (NHDC) will be provided corpus fund to the tune of 40% of B.E. of the scheme by the Central Government at the beginning of each financial year. The corpus fund given to NHDC will be recouped on utilization of 70% fund and on submission of audited expenditure statement. All other implementing agencies will be given quarterly reimbursement on submission of audited documents, provided that they have not exceeded the financial allocation made to them by DC (Handlooms) at the beginning of each financial year. During the year 2011-12 i.e. year of commencement of 10% price subsidy component, NHDC will be eligible to get the advance from Central Government or reimbursement of interest on working capital.

10.6.2 Verification of the Handlooms and collection of the data in the specified format in order to issue yarn Passbook:

(i) NHDC will verify the looms and collect the relevant data for handloom weavers cooperative societies, handloom **exporters registered with HEPC.**

(ii) The State Governments will verify and collect the data with regard to SHGs, JLGs, **weaver entrepreneurs** and individual handloom weaver.

(iii) Apex/Corporations under the State Government will verify the loom details of the Primary Weavers Cooperative Societies affiliated with them.

(iv) The State Governments and Apex/**Corporations will** forward the data collected to the National Handloom Development Corporation for preparation of yarn Passbook.

(v) NHDC will prepare Yarn Passbook and will hand over to the State Governments for distribution to the SHGs, JLGs, **weaver entrepreneur** individual handloom weavers and **to Apex/Corporations**, in case of PWCSs affiliated with them.

(vi) The yarn passbook serial number will have 10 digits to denote the following informations:

First two digits	– State
Next two digits	– District
Remaining 6 digits	– running serial number

(vii) Each individual handloom weaver will be affiliated with nearest yarn depot approved by the NHDC for placing the indent and getting the subsidized yarn. Name of the yarn depot will be indicated on the yarn passbook issued to him.

10.6.3 Yarn Supply

(i) In case of cotton yarn, for counts below 40s, at a time yarn requirement of upto 2 months will be supplied and for counts 40s and above, yarn requirement of upto 3 months will be supplied.

(ii) For silk yarn, at a time one month's requirement will be supplied.

- (iii) In case of mixed production line, PWCSs have to declare the number of looms engaged in production on counts below 40s, 40s and above and on silk for determining the eligible monthly subsidized yarn quantity.
- (iv) In case Primary Weavers Cooperative Society affiliated with Apex/Corporation, the Apex/Corporation will supply full requirement of subsidized yarn to such societies as per eligible quantity according to number of looms, including yarn supply by the Apex/Corporation to PWCs with buy back arrangement of finished product. In case Apex/Corporation is not willing to supply the subsidized yarn to the PWCs affiliated with them beyond the quantity required for buy back arrangement of finished products, 10% price subsidy will not be provided to the Apex/Corporation. In this case, PWCs will be supplied subsidized yarn by the NHDC.
- (v) The subsidized yarn will be supplied either to the individual weaver or to his agency of which he is a member (i.e. self help group, joint liability group, cooperative society, producer company), but not to both.
- (vi) Under the 10% price subsidy component, the yarn supplied by the State Government/Apex/Corporation will not be eligible for freight reimbursement and depot operating expenses.
- (vi) The subsidized yarn supplied through NHDC will be eligible for freight reimbursement and depot operating expenses as per guidelines of MGPS.
- (vi) The beneficiary agency, while placing the indent for subsidized yarn requirement, can place the indent for his entire requirement of yarn. However, the subsidy will be restricted to the eligible quantity as per no. of looms owned by the beneficiary as per details given in para (ii) of 10.4. If the indent is placed on NHDC, full quantity will be eligible for freight reimbursement and depot operating expenses as per guidelines of MGPS.

10.6.4 Placement of Indents & record keeping:

- (i) The indent of the individual weavers and other eligible agencies will be routed through depot operating agency as mentioned in the Yarn Passbook.
- (ii) Depot operating agency will indicate the requirement of individual weaver/society (beneficiary agency), while forwarding the indent to NHDC. The yarn depot will mention the yarn passbook number of each beneficiary in the indent.
- (iii) Indents will be accepted alongwith minimum 10% advance and balance payment will be collected against delivery.
- (iv) Purchase order & sale invoice will be raised separately by NHDC.
- (v) NHDC will provide beneficiary-wise bill, after deducting the 10% subsidy amount to yarn depot for collecting the balance payment.
- (vi) Freight Reimbursement will be paid by the depot and will be claimed for reimbursement for subsidised yarn supplied by the NHDC.
- (vii) For placing the indent with NHDC & effecting the supplies through depot, the depot operating agency will maintain the proper records, which may be verified by the NHDC on random basis.
- (viii) In order to facilitate supplies to individual weavers (less than half bale) and /or in the areas where no depots are operative, NHDC will open and operate yarn depot at various regional/branch offices.

- (ix) NHDC will submit the audited expenditure statement in the prescribed proformas given in Annexure-III & IV. Other implementing agencies will submit the audited expenditure statement in proformas given in Annexure-V & VI.

10.7 National Implementation and Monitoring Committee (NIMC) will be constituted under the Chairmanship of Secretary (Textiles) with the members from Department of Expenditure, Planning Commission, National Handloom Development Corporation, Ministry of Textiles and State Government Representatives to review the scheme and to approve or amend the operational guidelines without modifying or impacting the financial parameters of the Scheme.

B. INVESTMENT IN NATIONAL HANDLOOM DEVELOPMENT CORPORATION

1 BACKGROUND:

The National Handloom Development Corporation (NHDC) Limited was set up in February, 1983 as a Public Sector Undertaking by the Government of India as an autonomous body under the Companies Act, 1956 in pursuance of the imperative need for a National Level Agency to assist the speedy development of the Handloom sector by coordinating all actions covering the procurement and supply of inputs at reasonable prices, augmenting the marketing efforts of State handloom agencies and initiating developmental activities for upgrading the technology in the handloom sector and improving productivity. NHDC functions under the administrative control of the Office of the Development Commissioner (Handlooms). To strengthen the equity base of NHDC, Government of India has been providing equity @ Rs.1.00 crore every year.

NHDC has been supplying yarn, dyes and chemicals through State Handloom agencies, Apex bodies, Regional Unions, Weavers' cooperatives, Handloom Development Centres, Handloom Associations and also Handloom manufacturing units engaged in export promotion. It has been procuring yarn of all varieties, such as, cotton, polyester, viscose, blends, woolen, silk, jute, etc., from more than 522 reputed spinning mills and delivering the same to more than 1271 agencies.

The activities of the NHDC are intended to achieve the following:

- To ensure the availability of raw materials like yarn, dyes and chemicals and other inputs to handloom weavers.
- To contribute to the growth of infrastructure and appropriate technology.
- To create marketing opportunities for higher output and to add to marketing opportunities for exports.
- To act as a channel for routing Central Government funds, loans and grants to Handloom Corporations, Co-operative Societies and other bodies or persons engaged in the production and development of handloom sector.

2. OBJECTIVE

The objective of this component is to provide additional equity to NHDC to enable it to enhance its equity base for availing of the enhanced credit required for its activities including enhancing the volume of yarn supply to the handloom weavers / handloom organizations.

3. SCOPE:

During the XI Plan, Government of India will provide support to NHDC in the form of equity to enhance the equity base of the Corporation to enable it to avail more credit for meeting its financial requirements, subject to the following conditions:

1. A proposal in this regard will have to be approved by the Board of Director of NHDC.
2. The maximum equity allocation will be of Rs.1.00 crore every year.
3. NHDC will have to submit the audited balance sheet for the previous year duly approved by the Board of Directors along with their proposal.
4. The NHDC will utilize the money to allot one lakh equity share of Rs.100/-each (fully paid up) to the President of India. A certificate in this regard will have to be enclosed in the proposal.
5. NHDC will fulfill all the conditions/instructions issued by Government of India (Ministry of Finance, Ministry of Heavy Industry and Public Enterprises, Department of Public Enterprises, etc.) from time to time on the subject for payment of dividend to the Government of India.
6. NHDC will ensure the achievement of target/work obligations with reference to the Memorandum of Understanding (MOU) signed between Ministry of Textiles and NHDC.

ANNEXURE-I

Format of Undertaking to be furnished by the user agency to the National Handloom Development Corporation under the scheme for supply of yarn at Mill Gate Price

UNDERTAKING

Name and address of the user agency:

- i. This society/corporation/agency is engaged in the production of handloom cloth and the yarn procured by the society/corporation / agency from National Handloom Development Corporation (NHDC) under the Mill Gate Price Scheme is meant for captive consumption in our production centres and/or for supply to our member societies/weavers directly enrolled with us.
- ii. The yarn procured by us under the scheme will not be resold to any other organization/weavers other than those directly enrolled with the society/corporation/agency.
- iii. The benefits of this scheme will be passed on in full to the member societies/weavers directly enrolled with us, when the yarn purchased under this scheme is sold/supplied to them; and
- iv. In the event of detection of non-fulfilment of anyone or more of the conditions of the scheme this society/corporation/agency undertakes to pay to the National Handloom Development Corporation, the amount equivalent to the difference between the actual sale price of yarn supplied (since the execution of this undertaking and till the date of such detection) and the market price including the cost of transportation, overheads etc.

Signature of Chief Executive
(with rubber stamp)

Signature of Secretary
(with rubber stamp)

Place:
Date :

CERTIFICATE

1. We have examined the accounts of the National Handloom Development Corporation, Lucknow in respect of supply of yarn made by them to the eligible agencies under the Mill Gate Price Scheme for the period _____ . We are satisfied that the amounts calculated by NHDC are true and fair.
2. Certified that the yarn supplied for which the reimbursement has been claimed for the period _____ had been made in accordance with the guidelines issued by the office of the Development Commissioner (Handlooms) vide letter No.DCH/6(1)/2002-P&S dated 7th November, 2002.
3. The supplies of yarn on which the Government's assistance is being claimed for the period _____ have been made only to the eligible agencies.
4. The amount of reimbursement amounting to Rs. _____ (Rupees _____) for the period _____ has not been claimed before.
5. The claim for the period _____ as per details given in the Appendix "A" has been worked out in accordance with the guidelines prescribed by the Office of the Development Commissioner (Handlooms) vide letter No.DCH/6(1)/2007P&S dated 5th July, 2002 and such other instructions issued in this regard from time to time.
6. This claim for reimbursement is in respect of yarn covered under the Scheme.
7. Certified that the Undertaking as prescribed in the guidelines has been obtained by NHDC from each of the agencies to which the yarn supplies have been made during the period _____.
8. There is no reason to believe that the grantee institution is involved in corrupt practices.

Date:

Managing Director
N.H.D.C.

Chartered Accountant
(with rubber stamp)

APPENDIX "A" TO ANNEXURE-II

Statement for claiming reimbursement against supplies under Mill Gate Price Scheme for the period.....

Sl.No.	Name of the State/ Agency	Quantity of yarn supplied (in kgs.)	Cost of yarn at Mill Gate Prices (in Rs.)	Actual cost of transportation (in Rs).
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Total

Amount of reimbursement claimed : Rs.
(.....% of value of yarn supply)
Less advance amount already claimed : Rs.
Balance amount due : Rs.

Managing Director
N.H.D.C
(with rubber stamp)

Chartered Accountant
(with rubber stamp)

APPENDIX “B” TO ANNEXURE-II

Statement showing agency-wise details of yarn supplied by NHDC under the scheme for supply of yarn at Mill Gate Prices

Name and address of the user Agency
(to be furnished separately for each agency) :

Sl. No	Period/Date	Yarn supplies received		Name of mill and place from which yarn supplied	Destination of yarn supply	LR No./Date	Name of transport company	Amount of freight paid (in Rs.)
		Qty (Kg)	Value (Rs.)					
TOTAL								

Certified that the above yarn supplies have actually been made by NHDC and the amount of freight has been paid by this corporation/society/agency as indicated above.

Signature of Executive Officer

APPENDIX "C" TO ANNEXURE-II

**STATEMENT FOR QUARTERLY CLAIM REIMBURSEMENT OF DEPOT OPERATION UNDER MILL GATE PRICE
SCHEME FROM USER AGENCY TO NHDC**

Sl. No	NAME OF THE STATE	OPENING STOCK AT THE BEGINNING OF QUARTER		YARN RECEIVED UNDER MGPS		NAME OF MILLS	YARN RECEIVED OTHER THAN MGPS		NAME OF MILL	YARN TOTAL SOLD DURING QUARTER		CLOSING STOCK	REIMBURSEMENT @ 2.5% ON ACTUALS									
				QTY	VALUE		QTY	VALUE		QTY	VALUE											
		QTY	VALUE																			
TOTAL																						

Certified that the above yarn supplies have actually been made and amount of reimbursement for Depot operation has been paid by NHDC.

 Amount of reimbursement claimed for depot operation (2.5% of value of yarn supply on actuals) : Rs.

Signature of Executive Officer

Chartered Accountant

(Name of User agency with Rubber Stamp)

APPENDIX “D” TO ANNEXURE-II

STATEMENT FOR CLAIMING OF REIMBURSEMENT FOR OPERATION OF MOBILE VANS

Sl.No	NAME OF THE STATE /AGENCY	No. OF MOBILE VANS OPERATED AND No. OF DAYS	QTY. OF YARN UNDER MGPS	YARN SUPPLIED THROUGH MOBILE VANS	REIMBURSEMENT OF RUNNING OF MOBILE VANS		AMOUNT PAID BY NHDC
					VAN No.	ACTUAL AMOUNT PAID FOR OPERATION OF VAN (ENCLOSE THE RECEIPT FROM THE VAN OPERATOR)	
TOTAL							

Certified that total No. ofVans worked for total No. of Days and the above reimbursement for mobile van operation has been paid by NHDC.

Amount of reimbursement claimed : Rs.
(Rs.1,500/- per day or actual)

Chartered Accountant

Signature of Executive Officer

(Name of the User Agency with Rubber stamp)

Chartered Accountant of NHDC

Counter signed by Managing Director

Format of Undertaking to be furnished by the user agency to the
..... (Name of Implementing Agency) under the Yarn Subsidy Scheme

UNDERTAKING

Name and Address of User Agency:

We hereby undertake:

- i) That the Society/Corporation/Agency is engaged in the production of handloom cloth and the yarn procured by the Society/Corporation/ Agency from (Name of Implementing Agency) under the Yarn Subsidy Scheme is meant for captive consumption in our production centres and/or for supply to our member societies/weavers directly enrolled with us.
- ii) That the yarn procured by us under the scheme will not be resold to any other organization/weavers other than those directly enrolled with the Society/ Corporation/Agency.
- iii) That the benefits of this scheme will be passed on in full to the member societies/ weavers directly enrolled with us, when the yarn purchased under this scheme is sold/ supplied to them.
- iv) That in the event of detection of non-fulfillment of anyone or more of the conditions of the scheme, the Society/Corporation/Agency undertakes to pay to the (Name of the Implementing Agency), the amount equivalent to the difference between the actual value of yarn supplied (since the execution of this undertaking and till the date of such detection) and the yarn value based on market price.
- v) That the Society/Corporation/Agency has engaged no. looms in its premises and no. of looms outside its premises for production of handloom cloth during the period
- vi) That the yarn subsidy claimed by the Society/Corporation/Agency during the period is based on the yarn quota fixed for it as per the guidelines issued under the Yarn Subsidy Scheme.
- vii) That the Society/Corporation/Agency has obtained the supply of yarn under the Yarn Subsidy Scheme from (Name of Implementing Agency) and not from any other Implementing Agency under the Scheme.
- viii) That all the members of Society/Corporation/Agency has obtained the supply under the scheme under single status only i.e. either individual weaver or member of the user agency.

Signature of Chief Executive/Secretary of
User Agency (with rubber stamp)

Place :
Date :

Note:- No undertaking is required from the individual weavers

C E R T I F I C A T E

1. We have examined the accounts and records maintained by (Full Name of Implementing Agency) in respect of yarn supplied by them and satisfied that the yarn supplied on the basis of which the reimbursement claim preferred during the quarter/period of is as stipulated in the scheme circulated by the Office of Development Commissioner for Handlooms vide its letter No. dated
2. Certified that the amount of reimbursement of Rs. (Rupees) for the period has been claimed, based on the yarn subsidy of Rs. (Rupees) paid by the (Name of Implementing Agency).
3. Certified that the reimbursement of Rs. (Rupees) claimed by (Name of Implementing Agency) for the period has not already been claimed before.
4. Certified that claim for the period as per details in the Appendix 'A' has been worked out in accordance with the guidelines prescribed by the Office of Development Commissioner for Handlooms vide letter No. dated and such other instructions issued in this regard from time to time.
5. Certified that the Undertaking as prescribed in the guidelines has been obtained by (Name of Implementing Agency) from each of the agency to which the yarn supply has been made under the scheme during the period
6. There is no reason to believe that the grantee institution is involved in corrupt practices.

Signature of Chief Executive of
Implementing Agency
(Name and Designation)

Chartered Accountant
(with rubber stamp)

Place :

Date :

Summary of state-wise claim for reimbursement of yarn subsidy

1. Name of Implementing Agency :
2. Period of Claim :
3. Summary of yarn supply and subsidy :

Sl. No.	Name of State	Quantity of yarn supplied (in kgs.)	Value of yarn before subsidy (in Rs.)	Yarn Subsidy @ 10% on yarn value before subsidy (in Rs.)	Service Charges @ 0.5% of yarn value before subsidy (in Rs.)	Total claim for yarn subsidy and service charges (in Rs.)
1	2	3	4	5	6	(7=5+6)
Total:						

4. Funds position with the Implementing Agency :

	Particulars	Amount (in Rs.)
(i)	Amount of reimbursement claimed	
(ii)	Less: Advance amount already claimed	
(iii)	Balance amount (i – ii)	

Signature of Chief Executive of
Implementing Agency
(Name and Designation)
Place :
Date :

Chartered Accountant
(with rubber stamp)

Statement for claiming reimbursement against yarn subsidy allowed to the handloom weavers towards the supply of Indian Silk and Cotton Hank Yarn

1. Name of Implementing Agency :
2. Period of Claim :
3. Details of yarn supply and subsidy :

Sl. No.	Name of State	Name of User Agency	Date of Supply	Variety and count of yarn	Yarn supplied during the quarter (in Kgs.)	Value of yarn before yarn subsidy (in Rs.)	Yarn Subsidy @ 10% on yarn value before subsidy (in Rs.)	Service Charges @ 0.5% of yarn value before subsidy (in Rs.)	Total claim for yarn subsidy and service charges (in Rs.)
1	2	3	4	5	6	7	8	9	(10=8+9)
Total :									

4. Funds position with the Implementing Agency :

	Particulars	Amount (in Rs.)
(i)	Amount of reimbursement claimed	
(ii)	Less: Advance amount already claimed	
(iii)	Balance amount (i - ii)	

Signature of Chief Executive of
Implementing Agency
(Name and Designation)

Place :

Date :

Chartered Accountant
(with rubber stamp)

Format of Undertaking to be furnished by the user agency to the
..... (Name of Implementing Agency) under the Yarn Subsidy Scheme

UNDERTAKING

Name and Address of User Agency:

We hereby undertake:

- i) That the Society/Corporation/Agency is engaged in the production of handloom cloth and the yarn procured by the Society/Corporation/ Agency from (Name of Implementing Agency) under the Yarn Subsidy Scheme is meant for captive consumption in our production centres and/or for supply to our member societies/weavers directly enrolled with us.
- ii) That the yarn procured by us under the scheme will not be resold to any other organization/weavers other than those directly enrolled with the Society/ Corporation/Agency.
- iii) That the benefits of this scheme will be passed on in full to the member societies/ weavers directly enrolled with us, when the yarn purchased under this scheme is sold/ supplied to them.
- iv) That in the event of detection of non-fulfillment of anyone or more of the conditions of the scheme, the Society/Corporation/Agency undertakes to pay to the (Name of the Implementing Agency), the amount equivalent to the difference between the actual value of yarn supplied (since the execution of this undertaking and till the date of such detection) and the yarn value based on market price.
- v) That the Society/Corporation/Agency has engaged no. looms in its premises and no. of looms outside its premises for production of handloom cloth during the period
- vi) That the yarn subsidy claimed by the Society/Corporation/Agency during the period is based on the yarn quota fixed for it as per the guidelines issued under the Yarn Subsidy Scheme.
- vii) That the Society/Corporation/Agency has obtained the supply of yarn under the Yarn Subsidy Scheme from (Name of Implementing Agency) and not from any other Implementing Agency under the Scheme.
- viii) That all the members of Society/Corporation/Agency has obtained the supply under the scheme under single status only i.e. either individual weaver or member of the user agency.

Signature of Chief Executive/Secretary of
User Agency (with rubber stamp)

Place :

Date :

Note:- No undertaking is required from the individual weavers

C E R T I F I C A T E

1. We have examined the accounts and records maintained by (Full Name of Implementing Agency) in respect of yarn supplied by them and satisfied that the yarn supplied on the basis of which the reimbursement claim preferred during the quarter/period of is as stipulated in the scheme circulated by the Office of Development Commissioner for Handlooms vide its letter No. dated

2. Certified that the amount of reimbursement of Rs. (Rupees) for the period has been claimed, based on the yarn subsidy of Rs..... (Rupees) paid by the (Name of Implementing Agency).

3. Certified that the reimbursement of Rs. (Rupees) (Name of Implementing Agency) for the period has not already been claimed before.

4. Certified that claim for the period as per details in the Appendix 'A' has been worked out in accordance with the guidelines prescribed by the Office of Development Commissioner for Handlooms vide letter No. dated and such other instructions issued in this regard from time to time.

5. Certified that the Undertaking as prescribed in the guidelines has been obtained by (Name of Implementing Agency) from each of the agency to which the yarn supply has been made under the scheme during the period

6. There is no reason to believe that the grantee institution is involved in corrupt practices.

Signature of Chief Executive of
Implementing Agency
(Name and Designation)

Chartered Accountant
(with rubber stamp)

Place :

Date :

Statement for claiming reimbursement against yarn subsidy allowed to the handloom agencies towards the supply of Indian Silk and Cotton Hank Yarn

1. Name of Implementing Agency :
2. Period of Claim :
3. Details of yarn supply and subsidy :

Sl. No.	Name of State	Name of User Agency	Date of Supply	Variety and count of yarn	Yarn supplied during the quarter (in Kgs.)	Value of yarn before yarn subsidy (in Rs.)	Yarn Subsidy @ 10% on yarn value before subsidy (in Rs.)	Service Charges @ prescribed % of yarn value before subsidy (in Rs.)	Total claim for yarn subsidy and service charges (in Rs.)
1	2	3	4	5	6	7	8	9	(10=8+9)
Total :									

Signature of Chief Executive of
Implementing Agency
(Name and Designation)
Place :
Date :

Chartered Accountant
(with rubber stamp)