



Rajendra Pratap Gupta
Expert Member (Mktg.)

खादी और ग्रामोद्योग आयोग
Khadi & Village Industries Commission
सूक्ष्म, लघु एवं मध्यम उद्यम मंत्रालय
Ministry of Micro, Small & Medium Enterprises
भारत सरकार
Government of India
April 06, 2018

Hon'ble Board Members
National Board for Khadi & Village Industries
Ministry of MSME , Government of India

Reference : board meeting dated 06th April , 2018

Please consider the following submissions ;

1. Our sustainability & growth depends upon the profitability of the Khadi & Village Industries Institutions (KVIs). Out of total KIs (2011);

- 4 KIs have a turnover of above Rs.15 crore
- 6 KIs have a turnover between Rs.10-15 Crore
- 27 KIs have a turnover between Rs.5-10 Crore
- 1662 KIs (82.64 %) have a turnover less than Rs. 1.0 crore

So, we need to look at the best practices of these 37 KIs, and similarly for VIs and create a '**Success Tool-Kit**' that must be backed by an operational guideline with training manual, for mentoring and hand-holding the rest of the KVIs to take them to the next level. This is most important for the success of KVIC and its associated units , and must be implemented as a progressive / scaled plan

2. Once , we are able to figure out the 'Success tool-kit' for KVIs , we must look at '**Engaging more youth with KVIs**'. Else , we will keep asking for more and more monies from the Government for reviving the weak and dead KVIs , and it is going to be like a bottomless pit. Youth are not just our target for selling Khadi products, but also , they are an excellent ambassador and patrons for making and selling KVIs . And for this , I suggest ;

1. **Khadi app**; I had discussed in detail with the IT / marketing team on 8th June , 2017 . This needs to be implemented at the earliest possible to connect to the youth and to sell and promote KVI products
2. **Khadi Ambassador / Khadi Mitra program**, I proposed on 2nd April and was approved on 21st August last year needs to be implemented with full vigour
3. '**Campus Connect Program**': Under this program , we must open Khadi Stores in large central , state universities and UG/ PG colleges to catch the students while they are young to ensure that lean towards Khadi

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Delhi Office: Kvic Pavilion, Gate No.4, Gandhi Darshan, Rajghat, New Delhi-110002 Phone No.: 011- 23724099 Fax-011-23724382

Mumbai Office: Gramodaya' 3, Irla Road, Vile Parle(West), Mumbai-400056 Phone No.: 022-26714320

Email.: member.commission@kvic.gov.in



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4. **National Khadi Week** proposed last year on April 02 , needs to be implemented to have a large-scale ground up movement to galvanize efforts for attracting youth towards Khadi , with multiple events like essay writing , debates and Fashion shows, Khadi walk / marathon during the Khadi week .
 5. **Social Media** needs to be extensively used to promote Khadi
 6. **Interest free EMI based purchase** through credit card will boost the sale of Khadi products and we can start this with SBI
- 3 **Re-organization and reorientation of Human resources at KVIC** : the old organization structure of KVIC is more geographical than functional and I had proposed this in May 2017. For example , we have Deputy CEO , North , West , East , South , Central and North East besides a few like Deputy CEO – Khadi etc. What I propose is, to ensure that **the new structure is more focused and with functional roles that deliver on the sales and there are category heads like**
- Deputy CEO - Cosmetics and Toiletries . This person should be responsible for the category to take it to Rs.5000 crore in 3 years
 - Deputy CEO – Heritage Products : Should take this category to 2000 crore in 3 years
 - Deputy CEO- Food Products ; Should take this category to Rs.10000 crore in 3 years
 - Deputy CEO- Readymade garments (Mens, Ladies Wear and kids wear) target to take it to be a Rs.5000 crore category in 3 years
 - Deputy CEO – Fabric; to take this category to Rs.5000 crore in 3 years
 - Deputy CEO – Agarbatti & Dhoop – should be Rs. 2000 crore in 3 years
 - Deputy CEO- Market Research and Analysis
 - Deputy CEO- Franchising
 - And so on.....

Loyalty Program and a co-branded credit – debit card be started with SBI etc.

Mystery Shopper program be initiated, to ensure that we know the quality of service and we can take corrective measures to improve the service levels at Khadi India stores

We need to focus on what we wish to achieve, with clear goals and deliverables which are backed with institutional support and should be system-driven :

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Governance :

- White paper be made on 'all aspects' of institutional supplies done e.g. ONGC , Railways , Postal department etc.
- We must move to 'asset light models' like franchisees rather than setting up investment intensive Khadi Plazas
- Productivity of Charkha and looms needs to be focused rather than buying them more and more
- Out of a total of 455854 artisans only 193598 are having Aadhar linked bank accounts There are complaints of ghost artisans in the system and this needs immediate attention
- No schemes are there to add more artisans (as per the note sent by KVIC dated 28. 02.2018), and so , the growth plans presented are unrealistic and would fail and this has been raised recently by Tamil Nadu Sarvodaya Sangh as well four days back – 2nd April , 2018
- Meeting in Ahmedabad in January 2018 brought up the issue of the serious shortage of raw material , and this has to be addressed for ensuring that growth is achieved. Else, it will lead to 'Fake Khadi' products being sold .
- As per the data made available on 22 Feb, 2018, Bhopal DSO was showing a profit of Rs.3.88 lac in 2014-15 and the loss was Rs.88000.00 in 2015-16, and now shows a marginal profit of Rs. 5000.00 . Goa has increased losses from 5.84 lac in 2014-15 to 11.03 lac in 2015-16 and Rs.12.23 lac in 2016-17 . When it is a major tourist destination and should have had the best profit margins in the country . This shows that about 30 % of the DSOs are in almost in loss . This was raised by me in the letter dated 02nd April , 2017 point no 39 were specific to the issue of Bhopal and Goa.
- We need a **Governance and Compliance audit** from either of the big four firms on the terms of reference defined by the Commission

Prof. Rajendra Pratap Gupta
Expert Member (Marketing) - Khadi & Village Industries Commission
Member - National Khadi & Village Industries Board
Email : office.rajendra@gmail.com
Member.commission@kvic.org.in

Delhi Office: Kvic Pavilion, Gate No.4, Gandhi Darshan, Rajghat, New Delhi-110002 Phone No.: 011- 23724099 Fax-011-23724382

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