

**DIRECTORATE OF BUDGET**  
**KHADI AND VILLAGE INDUSTRIES COMMISSION**  
**3, IRLA ROAD, VILE PARLE (WEST), MUMBAI – 56**

No. KVIC/BGT/Budget Guidelines-2014-15/

Date: 22/11/2013

**CIRCULAR**

**Sub: - Guidelines for Budget discussion with the  
Institutions and Departmental Units  
for the year 2014-15...reg...**

Reference is invited to the Budget Guidelines issued for the year 2013-14 vide Circular No. KVIC/BGT/ Budget Guidelines-2013-14/1058 dated 8<sup>th</sup> November, 2012 followed by Corrigendum dated 26<sup>th</sup> November, 2012. In the said Circular it was mentioned that Budget Guidelines for the year 2013-14 will also remain valid for the year 2014-15.

In addition to the above, it is to inform that during discussion of the budget proposal in the Standing Finance Committee several decisions have been taken by the Committee regarding modalities to be followed for fixing targets for the year 2014-15 which are indicated below for compliance by the SLBT.

1. The SFC (Khadi) in its meeting held on 3<sup>rd</sup> April 2013 has decided as follows: -
  - i. To calculate the targets of 2014-15 based on the actual performance of last three completed years i.e. if only one completed years performance is available the target may be fixed up to 20% above the actual available past performance.
  - ii. For carrying out production activities the criteria of having 10% own fund may be followed. However, if the institution is a selling institution the above criteria may be relaxed because selling activities can be done by getting credit supply from the producing institutions.
  - iii. Net Eligibility or surplus fund should be calculated against each institution considering all the varieties of Khadi/Polyvastra activities which means only net figure after adjusting surplus fund against Net Eligibility or vice-versa should only be indicated against any particular institution. There cannot be both the element of Net Eligibility as well as Surplus Fund.
  - iv. Uniform formula should be applied for all institutions and proper justification should be recorded for fixing the targets

more than twice the available fund as mentioned in the budget guidelines. The Committee also decided that the approval of targets of such institutions will be subject to availment of Bank Finance against ISEC issued.

2. The SFC (Khadi) in its meeting held on 25<sup>th</sup> July 2013 has decided as follows:-
  - i. It is noticed that some time large number of institutions whose budget has been recommended by the SLBT are having less amount of working capital and in some cases it is very less in comparison to the production target recommended by SLBT. In light of the same, SFC Khadi directed that the State and Divisional Directors should take further action to conduct detailed financial/proprietary audit immediately for verification of the transactions including cross verification of accounts, etc.
3. The SFC (Khadi) in its meeting held on 29<sup>th</sup> August 2013 has decided as follows:-
  - i. It is noticed that large number of institutions whose budget has been recommended by the SLBT are having less amount of working capital and in some cases it is very less in comparison to the production target recommended by SLBT. In light of the same, SFC (Khadi) directed that the State Director and Director (KPM) should prepare State wise and Zone wise list of the institutions having budget target more than Rupees One Crore as against meager working capital. Further in order to have transparency the same list may be placed on website also.
  - ii. In the budget guideline 2013-14, State Level Budget Team has been authorized to function effectively in a time bound regular manner. Accordingly, SLBT, besides recommending budgetary target allocation of a financial year, for the respective State/Division, shall meet again in September/October for considering the supplementary budget proposals, if any reviewing the progress and utilization of Budgetary sanction enhancement of targets. As per Commission's decision in its meeting held on 26<sup>th</sup> September, 2012, no proposal for enhancing target may be considered after completion of the financial year.
4. The SFC (Khadi) in its meeting held on 28<sup>th</sup> October 2013 has decided as follows:-
  - i. For new institutions the total target of production of all varieties of Khadi and Polyvastra should be restricted to Rs.

15.00 lakhs for Cotton, Silk, Woolen and Polyvastra distributing the target proportionately if any institution proposes to carry out production activity in more than one variety of Khadi/Polyvastra.

- ii. The institution which has very less working fund in comparison to target should submit credible proof of source and utilization of fund to achieve the target which must be verified by the concerned State/Divisional Director. If the institution fails to provide credible proof, the concerned State/Divisional Director will forward the proposal of the institution with his/her views to Director (KPM) which will be placed before SFC (Khadi) to take suitable decision.
- iii. If the ISEC is issued in favour of an institution against approved target, the institution should pursue the matter vigorously with the financial institutions as well as banks to avail the Bank Finance. If the institution fails to avail Bank Finance and do not provide credible proof of source of fund, the proposal of the institution will be dealt as stated in para (ii) above.

In view of the above stated decisions taken by the Standing Finance Committee time to time, all the State / Divisional Directors are requested to ensure strict compliance of the above decisions while finalizing the targets of the institutions for the year 2014-15.

It is also requested to initiate necessary action for early completion of the budget discussion and forwarding the same to Central Office. However the following time schedule may be observed.

**Time Schedule for Budget Submission**

SR. NO.	PARTICULARS	TIME SCHEDULE (LATEST BY)
1	Completion of budget discussion at Field Office.	15.12.2013
2	Forwarding to Central Office	15.01.2014
3	Processing of Budget proposal by Directorate of KPM & examination of Finance	15.02.2014
4	Submission to SFC for approval	February 2014
5	Forwarding the approved Budget allocation in favour of the Khadi Institutions through concerned State/Divisional Offices.	April 2014

**This is issued with approval of F.A., C.E.O & Chairman**

**(Babul Mandal)**  
**Director (Budget/Finance)**

**To**

- 1 All State/Divisional Directors They are directed to initiate immediate action for the proposed budget discussion.
- 2 All the Industry/Programme Directors They are directed to advise the Departmental Units under their Administrative control to get in touch with the State/Divisional Offices and to ensure participation in Budget discussion.
- 3 CEO of all State/UT KVI Boards They are requested to advise their Aided Institutions and Departmental Units to initiate necessary action for attending budget discussion with all required details as per date, time and venue to be informed by the KVI State Office.
- 4 All Zonal Dy. CEOs To monitor the budget exercise and ensure completion as per prescribed schedule.

**Copy to:-**

1. Director (I.T.), with a request to upload this Budget Guidelines on the KVIC website immediately.
2. Director (Publicity), with a request to publish this Budget Guidelines in the ensuing edition of "JAGRUTI".
3. Director (Hindi Cell), with a request to translate the Budget Guidelines.

**(Babul Mandal)**  
**Director (Budget/Finance)**