

MILL GATE PRICE SCHEME

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) Members of recognized/approved handloom associations.**
- f) NGOs fulfilling CAPART norms.**
- g) 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 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 1.0 % 2.5 % 1.5 %

Silk Yarn 1.0 % 2.5 % 1.5 %

Jute Yarn 7.0 % 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 1.75 % 2.5 % 1.0 %

Silk Yarn 1.25 % 2.5 % 1.0 %

Jute Yarn 8.0 % 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 3.0 % 2.5 % 0.75 %

Silk Yarn 1.5 % 2.5 % 0.75 %

Jute Yarn 8.5 % 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.