



**Directorate of Marketing
Khadi & Village Industries Commission**

Ministry of MSME (Govt. of India)
Gramodaya" 3 Irla Road, Vile Parle (W), Mumbai-400056
Tel. Fax 022-26716680 Website: www.kvic.org.in
e-mail: marketing@kvic.gov.in



EXPRESSION OF INTEREST

Date : 15.2.2017

**First time, a unique Golden Opportunity to be a Franchise of a Heritage Brand
- Khadi
Participate, Contribute & Earn by selling Khadi products
(Heritage Fabric of India)**

Khadi & Village Industries Commission (KVIC) under Ministry of MSME, Govt. of India through Khadi and Village Industry's programs is looking for franchise in district places & State capitals to stock and sell Khadi and Village Industries products on franchise basis. "Khadi India Outlets" will be given on franchise basis. Individuals/proprietorship/Private Limited Companies/Limited Companies/Partnership Firms interested can apply in the prescribed format to the Director (Marketing) KVIC giving following details.

Conditions:

- i. Applicant should be Income Tax payee for at least 3 years.
- ii. Must be financially sound.
- iii. Preference will be given to those:-
 - a) Having own air-conditioned show room /rented show room of minimum size of 1000 Sq. Ft. at a prominent place.
 - b) Having experience of marketing of apparels / readymade garments / dress material etc.

Selected parties will enter into an agreement with the KVIC for a period of 5 years to sell Khadi & Village Industries products.

Application with a non-refundable tender fee of Rs.5000/- should be submitted to Directorate of Marketing , KVIC, Mumbai on above address along with application form . The application form , details of terms and conditions contained in Agreement may be seen at Website of KVIC at www.kvic.org.in The Tender Fees should be in form of at par cheque/DD in the name of Director (Marketing) payable at Mumbai/ through NEFT in SB A/C no.10176548655 of State Bank of India , Vile Parle (West), Mumbai-400056 in favor of " DIRECTORATE OF MARKETING, KVIC" having CIF no. 80138251736, IFSC code SBIN0000515, MICR Code 400002083.

DIRECTOR (MARKETING)

APPLICATION FORM FOR FRANCHISE

1. Name of company/individual :-
2. Complete Postal address :-
3. Phone no.:-
4. E- mail id and website if any:-
5. Name of contact person:-
6. Complete Postal address :-
7. Phone no.:-
8. E- mail id :-
9. Nature of business presently engaged (**Experience of marketing of apparels / readymade garments / dress material etc is mandatory**) :-
10. Products handled:-
11. Annual turnover of present business:-
12. Type of company/unit whether proprietorship, partnership firm/private limited company or Limited company .(copy of the related registration certificate may be enclosed):-
13. (a) Size & location of the showroom proposed for Franchise in sq. ft
(Minimum 1000 sq. ft space mandatory for proposed Franchise showroom . A.C showroom shall be given preference) :-
(b) Whether Air-conditioned (Yes/No):-
(c) Present activity in the showroom :-
14. If show room is not available presently, proposed site and area
(Minimum 1000 sq. ft space mandatory for proposed Franchise showroom. A.C showroom shall be given preference) :-
:-

15. Whether proposed showroom shall be on rent or ownership:-
16. Manpower available in present business (number of salesman, cashier, Manager):-
17. Manpower proposed in proposed Franchise showroom (number of salesman, cashier, Manager):-
18. Whether computerized cash counter, bar coding etc is available or proposed :-
19. Sales turnover of Khadi & Village Industries products projected per annum in proposed Franchise showroom:-
20. Whether Income Tax Payee for last 3 years (**Attach copy of last three years ITR**) :-
21. Rs.5000/- towards tender fees (Non refundable) submitted as per details given below:-

(a) At Par Cheque/DD No. _____
Date: _____
Drawn in favor of **Directorate of Marketing, KVIC, Mumbai.**

OR

(b) Payment through NEFT in SB A/C no.10176548655 of State Bank of India , Vile Parle (West), Mumbai-400056 in favor of "DIRECTORATE OF MARKETING, KVIC" having CIF no. 80138251736, IFSC code SBIN0000515, MICR Code 400002083.

Date:
Place:-

Signature
Name
Designation
Name of the agency
Seal & Date

FINAL DRAFT AGREEMENT

DRAFT FRANCHISE AGREEMENT TO BE ENTERED INTO BETWEEN FRANCHISOR/KHADI VILLAGE INDUSTRY COMMISSION, _____ AND PRIVATE SHOWROOM FOR MARKETING KHADI VILLAGE INDUSTRIES PRODUCT

THIS "Agreement" made at _____ this _____ day of _____ between Khadi & Village Industries Commission ("KVIC"), a statutory body created by an Act of Parliament (No.61 of 1956) having its Central Office at "Gramodaya", 3rd, Irla Road, Vile Parle (West), Mumbai- 400 056, (hereinafter called "Franchisor", which expression shall, unless repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the One Part AND M/s. _____, a _____ having its place of business at _____, hereinafter called "Franchisee" (which expression shall, unless repugnant to the context or meaning thereof be deemed to mean and include its survivors or survivor of them and heirs, executors and administrators of the last survivor and their/him/her permitted assigns) of the Other Part.

WHEREAS, the Franchisor markets Products produced by the implementing agencies of the Khadi and Village Industries Commission, State/U.T. level Khadi & Village Industries Boards and beneficiaries of Rural Employment Generation Programme (REGP)/ Prime Minister's Employment Generation Programme (PMEGP) under the trademark "Khadi India".

AND WHEREAS, the Franchisee is desirous of running exclusive showrooms/sales counters for the said Products in the Franchisee's premises at _____ and has approached the Franchisor. The Franchisor has agreed with the proposal of the Franchisee on the terms and conditions hereinafter contained.

NOW THIS AGREEMENT WITNESSTH AND IT IS HEREBY MUTUALLY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. In this Agreement unless the context otherwise requires:
 - a) The "Products" shall mean products of Khadi & Village Industries approved by Franchisor/Khadi & Village Industries Commission.
 - b) "M.R.P." shall mean the maximum retail price of the Products printed on the packaged Products.
 - c) The "Franchisee Premises" or "Showroom" shall mean the premises situated at _____ and admeasuring about _____ sq. mtrs. of which the Franchisee is the owner/tenant/licensee.
 - d) "Approved Showroom" shall mean retail shop of the Franchisee at the Franchisee Premises selling only the Products approved by KVIC.
2. Franchisor hereby authorizes and approve the Franchisee to sell the Products, being produced by implementing agencies of KVIC, State/U.T. level Khadi & Village Industries Boards and REGP/PMEGP beneficiaries in its Showroom on the terms and conditions mentioned herein.
3. The Director (Marketing) of KVIC will be the Coordinator and nodal and administrative authority on behalf of KVIC shall execute the Agreement and shall attend to all policy issues as well as monitoring and decision on all disputes or differences between the Parties arising out of or in connection with this Agreement.
4. Unless determined earlier as hereinafter provided, this Agreement shall continue to be in force for a period of five (5) years from the date of execution of this Agreement.
5. KVI Franchise counters will also have the uniform design and pattern of signage approved by KVIC and display 'KHADI INDIA' logo prominently.

Franchisee shall furnish and decorate the Showroom and use sign boards as approved by KVIC and shall display the "KHADI INDIA" Logo outside and inside the Showroom. The Franchisee shall carry out this work and maintain the same at their own cost.
6. The Franchisee shall store in the Showroom Products of such types and in such quantity as may from time to time be decided

mutually by the Franchisor and the Franchisee having regards to market conditions.

7. The Franchisee shall provide procurement plan on monthly basis in preceding month, quarterly basis in last month of previous quarter and annual basis in January of previous financial year to the Franchisor.

8. Sales targets, monthly, quarterly and annually shall be fixed for each Franchisee by Franchisor through mutual discussion and all such targets need to be achieved by the Franchisee.

9. The Franchisee shall keep at their own cost sufficient and duly trained staff for the purpose of selling the Products in the Approved Showroom. The Franchisee shall bear and pay all expenses for maintaining the Approved Showroom for selling of the Products.

10. The Franchisee shall be an exclusive sales outlet for the Products of Franchisor and under no circumstances shall deal in any other product. The Franchisee in the Approved Showroom shall display material and samples of the Products as may be required by Franchisor. The Showroom shall be named as "Khadi INDIA" Franchise outlet of KVIC.

11. The Franchisee can request for replacement of slow moving stocks with other Products provided the Products to be replaced are not damaged and such request should be within two months from the date of purchase of these Products. Such exchange/replacement shall not exceed 10% of the value of the total annual turnover of the Approved Showroom.

12. The Franchisee shall be solely responsible for complying with the provisions of various laws including laws relating to Shops & Establishment, Sales Tax, Commercial Tax and all other applicable taxes and shall be responsible for due compliance of the applicable law and payment of statutory liabilities. The Franchisee shall also be responsible for ensuring timely filing of necessary returns and payment of taxes on sales/turnover of the Products sold at the said Showroom. If any liability or penalty is incurred or damages suffered by Franchisor as a result of non-compliance of such statutory liability by the Franchisee, the Franchisee hereby agrees to indemnify and keep indemnified Franchisor against any such liabilities, loss or damages.

13. The Franchisee shall sell the Products at the prescribed M.R.P provided by the Franchisor. Any discount offered by Franchisor to Franchisee shall be invariably implemented and passed on to customers by Franchisee. The Franchisee shall maintain proper account in respect to inventory, payments, sale, etc. The Franchisee shall provide any such details as and when required by the Franchisor.
14. The Franchisee shall not change or remove any packaging material in which each item of the Products is packed or change or remove any label on the Products supplied by Franchisor nor will Franchisee change the Products in any manner.
15. The Franchisee shall sell the Products at the Approved Showroom on its own account and not on behalf of or as agent of Franchisor.
16. Franchisee shall not buy directly from the Products manufacturing institutions during the tenure of this Agreement.
17. Franchisee shall not sub-lease/sub-franchisee to any other agency without prior approval of the Franchisor.
18. The Franchisee shall indemnify Franchisor against any loss suffered by it on account of non-performance of Franchisee's obligation relating to customer's service, maintenance of quantity, delivery, etc. and shall be solely responsible for the consequences thereof. The Franchisee shall also indemnify Franchisor in connection with any liability incurred by it towards any third party in whatsoever manner arising from transactions made under this Agreement.
19. The Franchisee shall inspect the quality of the consignment before acceptance at its godown/showroom and the Franchisor on being notified of any defect in the quality of Products shall be responsible to make replacement of such Products.
20. The Franchisor shall have the rights to conduct quality checks at any point of time as and when requirement for the same occurs.
21. Any shortage of the quantity of Products, received from the Franchisor, shall be intimated by the Franchisee to the Franchisor immediately after taking delivery of the same.

22. The Franchisee shall not be entitled to claim any rebate on the sale of Khadi Products.

23. The trade commission, if any, payable to the Franchisee for the product will be fixed mutually between Franchisor and the Franchisee.

24. The Franchisee can do the advertisement to develop market promotion of the Products under this Agreement. The Franchisee, prior to carrying out any advertisement shall present the advertisement/publicity material for the approval of the Franchisor. The Franchisor/KVIC on its own may provide advertisement material to the Franchisee and the Franchisee shall use such material for advertisement of the Products. The sales promotion and publicity activities may be worked out jointly between Franchisor and Franchisee, on cost sharing basis.

25. The Franchisee shall keep the Showroom open on all days except on the Government holidays notified in the official Gazette. However, during festival season, the Franchisee shall at its own cost keep the Showroom open on holidays, subject to compliance of the applicable laws in the state in this regard.

26. The Franchisee shall maintain necessary stocks and sales registers and other registers and records as may be directed from time to time by Franchisor. The Franchisee shall permit Franchisor / KVIC's representative to inspect such registers and documents as may be required by them from time to time. Franchisor shall have the right to have such registers and records audited by auditors of Franchisor. The Franchisee shall be bound to cooperate with the same. The Franchisee shall provide fortnightly/monthly/quarterly returns to the Franchisor indicating the stocks, sales, market feedback, etc. in the format provided by the Franchisor.

27. Products shall be sorted at the store by the Franchisee at his own risk.

28. Franchisor reserves the right to change the discount structure without any advance intimation to the Franchisee. However, all efforts will be made to ensure prior intimation to the Franchisee.

29. On the expiry of this Agreement or its earlier termination as provided herein, the Franchisor/KVIC or its Producer/Supplier shall not be bound to purchase or make the payment against the Products lying unsold with the Franchisee.

30. This Agreement or any interest or benefit herein shall not be in any manner assigned or transferred by the Franchisee to any third party.

31. The execution of this Agreement or performance of the obligations herein by the Franchisee shall not be construed as Franchisee being an agent or legal representative of Franchisor/KVIC. The Franchisee shall not describe itself as agent of Franchisor/ KVIC in any correspondence, communication, advertisement or display material or will not make any such representation to any exclusive Showroom of Products.

32. The Franchisee shall immediately inform Franchisor in writing if there are events, changes, situations or any other circumstances which may prejudicially affect this Agreement or full control of the Franchisee business directly or indirectly. Upon the occurrence of any such event, Franchisor shall have the right to immediately terminate this Agreement by giving a prior notice in this regard to the Franchisee.

33. The Franchisee shall not have any right, title or interest or copyright in any trademark, logo trade name or design of the Products or any packaging material thereof or in the trade name of the Showroom nor shall they claim any such right.

34. On termination of this Agreement or its earlier determination, the Franchisee shall cease to use any Board, stationery or packing material indicating that the Franchisee is the approved Franchisee of Franchisor and/or the Showroom is the approved Showroom of Franchisor.

35. The Franchisor shall allow the Franchisee to open one or more Showroom considering the potential of location & the availability of similar Franchisee stores.

36. Notwithstanding anything to the contrary herein contained, Franchisor shall not be liable or responsible for failure to perform or for any delay in performance of any of its obligations hereunder, if such a failure or delay is due or attributable to any

act of God, legislation, orders, ordinances, restrictions or regulations of Government-Central or State, war like conditions hostilities, riots, civil commotion, strikes, lockouts, labour trouble, epidemics, lack or failure of source of supply of raw materials, labour or power shortage, breakdown of plant or machinery, explosion, breakdown or accident in the course of preparation, packing or transportation of the Products or any other cause or circumstances of whatsoever nature beyond the control of Franchisor.

37. Franchisor shall be entitled to terminate this Agreement forthwith by giving a notice in writing to the Franchisee on the happening of any of the following events viz.:

- a) The Franchisee acts in a manner prejudicial to the interest of Franchisor.
- b) The Franchisee is unable to make adequate sales of the Products.
- c) The Franchisee commits a breach of any of the terms, provisions, and conditions contained in this agreement and fail to rectify the same within thirty days from being called upon to do so by Franchisor.
- d) The Franchisee enters into a compromise with their creditors.
- e) Distress, execution or other process of the Court is levied or an encumbrance takes possession of or a receiver is appointed of the whole or any part of the property or assets of the Franchisee.
- f) Franchisor for any reason discontinues the marketing and sale of the Products.
- g) Franchisee shall not sublet the store to any other entity.
- h) Franchisee shall not sell spurious khadi products/non-khadi products, which could tarnish the image of brand Khadi.
- i) Franchisee shall not sell any products which does not bear 'Khadi Mark' as per Khadi Mark Regulations, 2013 issued by Khadi and Village Industry Commission.

Franchisor's decision as to the occurrence of any of the aforesaid events mentioned in this clause shall be final binding on the Franchisee.

38. Notwithstanding anything to the contrary contained herein, this Agreement may be determined at any time at the Franchisor's discretion by giving not less than 90 days' notice in writing to the Franchisee.

39. The redressal in respect of policy and operational issues can be settled at the following levels:-

- (a) To be settled by Director (Marketing) of KVIC.
- (b) In case, the issue could not be resolved even at the level of Director (Marketing), it shall be referred to CEO for settlement.

40. The determination of this Agreement by either of the parties shall be in writing and shall be served by Registered Post addressed to either party at its following address or unless any other address in India, if notified in writing by the concerned party, for this purpose:

- a) If to:- Franchisor/KVIC ,
-

- b) If to:- Franchisee
-

41. Other terms and conditions -

(A) **Validity Period -**

This Agreement shall be valid for a period of 5 years ("Validity Period") and may be further extended for a period and on such terms and conditions as decided by the Franchisor. Such extension shall be considered only if the Franchisor is satisfied of the performance of the Franchisee and achievement of the revenue targets during Validity Period. The Franchisor reserves the right to terminate the Franchise prematurely, in case the work

of Franchisee is found against the cause of and detrimental to the interest of Franchisor.

(B) **Security deposit -**

The Franchisee within 15 days of signing this Agreement shall furnish a security deposit of Rs.10.00 Lakhs (Rupees Ten lakhs only) ("Security Deposit") with the Franchisor, in the form of payment through NEFT in **SB A/C no.10176548655 of State Bank of India , Vile Parle (West), Mumbai-400056 in favor of " DIRECTORATE OF MARKETING, KVIC" having CIF no. 80138251736, IFSC code SBIN0000515, MICR Code 400002083**. The Security Deposit is towards security of stocks to be provided by the Franchisor and stocks of such Products shall be provided to the Franchisee to the extent of 80% of the Security Deposit only. The security of stocks will be secured by way of Security Deposit at all times during the Validity Period by the Franchisee i.e. stocks will be issued only against Security Deposit.

The Franchisee shall have to remit the payment to the extent of sale of Products of a given month in the next month latest by 5th day of every succeeding month to the Franchisor and in case that day happens to be a holiday then it shall be next following day. The Franchisee can purchase further goods equal to the amount/sales proceeds deposited with Franchisee over and above the actual Security Deposit of Rs.2.00 Lakhs.

This Security Deposit will be refunded by the Franchisor to Franchisee without any interest on the expiry of the Validity Period. In case the Franchisee decides to terminate the agreement before the expiry of the Validity Period, he/she shall ensure that the inventory/ sales realization and other statutory provision related to the consignment of the Franchisor are settled.

The Franchisor shall release the Security Deposit to the Franchisee after confirming that Franchisee does not have any dues to be paid to Franchisor. In case of any existing dues or claims, the Security Deposit shall be refunded by the Franchisor to the Franchisee only after adjustment of such dues/claims by the Franchisor.

(C) **Royalty -**

The Franchisor shall decide the MRP as per policy guidelines of Directorate of Marketing.

(D) **Sales Target -**

The Sales Target may vary according to the Geographical Area/Locality i.e. Prime Location, City and Premises, etc., and shall be decided by the Franchisor however the minimum average sales target of Rs. 1.50 crore per annum (calculated at an approximate amount of Rs.50,000 per day "Minimum Sales Target") has to be achieved by the Franchisee for which there will be a moratorium period of 12 months from day of operation.

(E) **Agency Commission:**

The Franchisee may be entitled for trade commission on the Products/any particular Product as decided by the Franchisor. The Franchisee shall be not be entitled for any rebate on Khadi product.

(F) **Transport-**

The Franchisee shall at their own cost have to arrange their own transport to carry the goods from Franchisor to the Showroom of the Franchisee.

(G) **Insurance -**

- i. The Franchisee shall preferably insure all furniture and fixtures and civil works at its own cost and expenses. The Franchisee shall at its own cost, preferably take out insurance for the value of the stocks, and cash available at the Showroom.¹

(H) **Placement of order -**

- i. The Franchisee shall submit his indent to the Franchisor for the Products in advance to enable the Franchisor to procure the Products as per demand. The indent shall be executed
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by the Franchisor against the amount of Bank Guarantee or payment of cash.

- ii. If the Franchisee seeks credit facilities against his indents, then the value of the indent have to be liquidated by the Franchisee within a period of 30 days, failing which the Franchisor shall have the right to recover the amount from the Security Deposit.

IN WITNESS whereof the parties hereto have executed this agreement the day and the year first herein above written.

For & on behalf of the Franchisor }
By its duly authorised representatives }

For & on behalf of the Franchisee }
By its duly authorised representatives }

In the presence of witnesses -

- 1)
- 2)