

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**RAJYA SABHA**  
**STARRED QUESTION NO. \*7**  
TO BE ANSWERED ON 04.12.2023

**LACK OF WORKING CAPITAL IN KHADI INSTITUTIONS (KIs)**

\*7. SHRI ANEEL PRASAD HEGDE:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether Government is aware that majority of Khadi Institutions (KIs) which are also providing employment to artisans are sick and on the verge of closure, as they are lacking working capital even to buy raw materials;
- (b) whether average income of majority of spinners and weavers (taking into account number of days work availability) are around ₹ 50 and ₹ 200 per day respectively;
- (c) whether there is risk of Khadi becoming extinct soon if one among 3 categories viz. KIs, Spinners and Weavers stop working because of meager income; and
- (d) if so, the action contemplated by Government, if not, the details of artisans income?

**ANSWER**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI NARAYAN RANE)

**STATEMENT REFERRED TO IN REPLY TO THE PARTS (a) to (d) OF RAJYA SABHA STARRED QUESTION NO. \*7 FOR ANSWER ON 04.12.2023**

(a): Khadi institutions (KIs) in the country are not sick as it may be seen from the increasing trend of the collective production in the past three years, which is as follows:

<b>Year</b>	<b>Production (Rs. in crore)</b>
2020-21	1904.48
2021-22	2558.31
2022-23	2915.83

Further, Ministry of MSME, through Khadi and Village Industries Commission (KVIC), is implementing the Interest Subsidy Eligibility Certificate (ISEC) under Khadi Vikas Yojana (KVIY) to facilitate additional fund requirements for Khadi Institutions (KIs). ISEC is issued to the eligible KIs on the basis of their production and requirement of funds for capital expenditure as well as working capital. KIs can avail bank loan and pay concessional rate of interest of 4% per annum. The difference between the actual lending rate and 4% is paid by Government of India through KVIC as 'Interest Subsidy'. Interest Subsidy paid under ISEC scheme during last three years is as follows:

(Rs. in lakhs)

<b>Year</b>	<b>Interest Subsidy paid under ISEC</b>
2020-21	3336.47
2021-22	3421.48
2022-23	3455.32

Besides, KVIC extends raw material support from Departmental Central Sliver Plants (CSPs) supplying raw material in form of sliver / roving to the needy KIs on credit basis which enables the KIs to undertake additional activities from the available working capital. Performance of CSPs sales during last three years is in increasing trend as placed below:

<b>Year</b>	<b>VALUE (Rs. In lakh)</b>
2020-21	6233.33
2021-22	6488.78
2022-23	7532.92

(b) to (d): For improving the income of Khadi artisans, KVIC under the Khadi Vikas Yojana provides 35% quantum of Modified Marketing Development Assistance (MMDA) as incentive to Khadi artisans in case of KIs of Cotton, Woolen, Polyvastra and 30% quantum of MMDA to Khadi artisans as incentive to KIs for Silk.

Further, an extensive campaign for promotion of Khadi was undertaken from 2<sup>nd</sup> -31<sup>st</sup> October, 2023 as 'Khadi Mahotsav' which has led to greater awareness for adoption of Khadi and has increased the demand of Khadi products. During Khadi Mahotsav record sale of Rs. 19.20 crore was achieved.

Apart from the above, spinning wages of artisans have been increased from Rs. 7.50/-per hank to Rs.10.00/-per hank and weaving wages for Cotton Khadi, Woollen Khadi and Polyvastra have been increased by 10% w.e.f. 01.04.2023.

The earning of Khadi spinners and weavers, engaged in Khadi activities are based on their production under piece rate system. The average production capacity of the spinners is around 22 hanks per day on New Model Charkha (NMC) on which the wages are at the rate of Rs. 10.00 per hank and the spinning wages comes to around Rs. 220/- per day, on which 10% incentive and 12% Artisan Welfare Fund (AWF) are to be added. Thus, the wages of the spinners come to around Rs. 270 /- per day. The average weaving wages is around Rs. 250/- to Rs. 500/- per day depending upon the weaving for different varieties like cotton Khadi, silk Khadi.

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