

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 556
TO BE ANSWERED ON 06.02.2017

KVIC SCHEMES

†556. SHRI TAMRADHWAJ SAHU:

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

- (a) the details of schemes being implemented by the KVIC to promote Khadi industry in the country;
- (b) whether there is any scheme for providing Bank loan on lower rates of interest to small khadi weavers in the country and if so, the details thereof; and
- (c) whether any instructions have been issued by the Government regarding use of Khadi in Government offices/departments and if so, the details and the compliance status thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI GIRIRAJ SINGH)

(a)&(b): The details of the schemes for promotion of khadi are enclosed at Annexure. Khadi and Village Industries Commission (KVIC) has been implementing a number of schemes to promote khadi production in the country including a scheme namely Interest Subsidy Eligibility Certificate (ISEC) under which subsidy is provided by the Government to banks to enable them to extend credit facilities to weavers at 4% rate of interest. The difference between the bank commercial rate and 4% is reimbursed to the banks subject to the amount availed by the Khadi Institutions.

(c): Government from time to time has issued advisories to Ministries / Departments, Public Sector Undertakings, etc. to promote use of Khadi in their offices, especially during festival seasons. Besides, KVIC has been marketing and catering to the need of Government Departments and bulk supplies are made to Ministry of Defence; Health & Family Welfare; Paramilitary forces and other Ministries of Central as well as State Governments under Rate Contract (RC) agreement with Directorate General of Supplies & Disposals (DGS&D) as well as supply of Non Rate Contract (Non-RC) items like Polyvastra bed sheets and pillow covers to Railways etc. in order to increase the use of Khadi in Government offices/Departments.

Annexure

Market Promotion and Development Assistance scheme (MPDA)

MPDA scheme has been formulated as a unified scheme in place of Market Development Assistance (MDA) implemented in the 11th Plan by merging different schemes/sub-schemes/components of different schemes. A new component known as Market Promotion & Infrastructure for setting up of Marketing Complexes/Khadi Plazas has been added to expand the marketing network of Khadi & VI products. Besides, the other component namely Modified MDA (MMDA) is as follows:-

(i) The existing MDA scheme launched on 01.04.2010, had subsidy @ 20% on 'production value of Khadi to be distributed among producing institutions (30%), selling institutions (45%) and artisans (25%).

(ii) Under the Modified MDA, Pricing would be fully de-linked from the cost chart and products can be sold at market-linked prices at all stages of production. Incentives would be extended to artisans and Karyakartas. Further, production & marketing support for products, which are self-sustainable, will be phased out. Modified MDA shall be calculated at 30% of the Prime Cost, cost of raw material plus conversion charges up to grey cloth plus processing charges without margins [establishment expenditure (25%) and trading, insurance & bank interest (8%)]. The Modified MDA shall be distributed amongst producing institutions (40%), selling institutions (20%) and artisans (40%).

Interest Subsidy Eligibility Certificate Scheme (ISEC)

Under the Scheme funds are mobilised from banking institutions for filling the gap between the actual fund requirements and availability of funds from budgetary sources by khadi institutions and credit is made available to Khadi Institutions at a concessional rate of interest of 4 % per annum for working capital as per their requirement.

Workshed Scheme for Khadi Artisans

Financial assistance is provided under the Scheme for construction of worksheds to khadi artisans belonging to BPL category through the khadi institutions in order to facilitate and empower khadi spinners and weavers to chart out a sustainable path for growth, income generation and better work environment and to enable them to carry out their spinning and weaving work effectively.

Strengthening infrastructure of existing weak Khadi institutions and assistance for marketing infrastructure

The scheme of Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure has been formulated for extending financial assistance to existing weak Khadi institutions for strengthening of their infrastructure and for renovation of selected khadi sales outlets. The objective of the scheme is to provide need-based support towards the Khadi sector for nursing the sick/problematic institutions whose production, sales and employment have been declining while they have potential to attain normalcy and to support creation of marketing infrastructure in identified outlets.