

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 3709**  
**TO BE ANSWERED ON 19.03.2018**

**PROMOTION OF KHADI INDUSTRIES**

3709. SHRI SUNIL KUMAR MONDAL:  
SHRI DIBYENDU ADHIKARI:

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

- (a) the details of the expenditure incurred by the Government for the development of Khadi and Village Industries Commission (KVIC) during each of the last three years and the current year, State-wise;
- (b) whether the Government proposes to tie Khadi industries with retail chains and shop-to-shop marketing systems and if so, the details thereof; and
- (c) whether the Government proposes to revive the khadi industries in the country and if so, the details thereof?

**ANSWER**

MINISTER OF STATE (INDEPENDENT CHARGE)  
FOR MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI GIRIRAJ SINGH)

(a): Government in the Ministry of Micro, Small and Medium Enterprises (MSME) provides funds to Khadi and Village Industries Commission (KVIC) for the development of Khadi and Village Industries in the country. Details of funds provided to KVIC for the last three years and the current year are as follows:

(Rs. in crore)

Year	Funds released to KVIC
2014-15	316.25
2015-16	239.70
2016-17	450.13
2017-18 (RE)	1074.21*

\* There is a common budget allocation for Plan and Non-Plan from 2017-18 onwards which includes Rs.285.35 crore of GIA salaries, Pension & OAE, etc. During 2017-18 KRDP (ADB Assistance) budget has been enhanced to Rs.372.80 crore in comparison to previous year's allocation of Rs.5 crore.

(b): Khadi and Village Industries Commission (KVIC) has entered into contract with popular retail chain stores for setting up of "Khadi Korner" in the retail chains based on the concept of 'Shop in Shop'. KVIC has entered into an agreement with M/s. GLOBUS, Mumbai, Apna Bazar and Cotton Bazar to set up such stores. KVIC has also entered into agreement with private sector players like Raymond's, M/s. Aditya Birla Group, etc. for marketing of Khadi in their retail showrooms.

(c): Ministry of MSME is implementing the following schemes/programmes all over the country through KVIC in order to revive Khadi industries:

i) Khadi Grant:

1. Strengthening Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure provides for renovation of khadi sales outlets and providing assistance for strengthening infrastructure of existing weak selected institutions
2. Workshed Scheme for Khadi Artisans for providing assistance for construction of worksheds.

ii) Market Promotion Development Assistance (MPDA) – A unified scheme by merging Market Development Assistance, Publicity, Marketing and Market Promotion. A new component for Infrastructure namely setting up of Marketing Complexes /Khadi Plazas has been added to expand the marketing network of Khadi & VI products. Under the Modified MDA (MMDA) financial assistance at 30% of the Prime Cost, is distributed amongst Producing Institutions (40%), Selling Institutions (20%) and Artisans (40%).

iii) Interest Subsidy Eligibility Certificate (ISEC) Scheme provides credit at concessional rate of interest through Banks as per the requirement of the Khadi institutions. The institutions are required to pay interest of only 4%, any interest charged by banks over 4% will be paid by the Government of India through KVIC to the banks.

iv) Khadi Reform and Development Programme (KRDP) aims to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment for spinners and weavers, increased artisans' welfare and to achieve synergy with village industries. Under KRDP, restructured amount of US\$ 105 million has been negotiated with Asian Development Bank (ADB) and funds are being provided to the Government of India to be released to KVIC as 'grants-in-aid' under budgetary allocation through the Ministry of MSME. Khadi Reform Package envisages reform support in the following areas: (i) Artisan Earnings and Empowerment, (i) Direct Reform Assistance to 400 Khadi Institutions & (iii) Implementation of a well-knit MIS.

v) Strengthening infrastructure of weak Khadi institutions and assistance for marketing infrastructure: This scheme provides need-based support towards the Khadi sector for nursing the sick/problematic institutions for elevation from "D" to "C" category as well as those whose production, sales and employment have been declining. Under this scheme, financial assistance is provided to existing weak Khadi Institutions for strengthening of their infrastructure and for renovation of khadi sales outlets.

vi) Scheme of Fund for Regeneration of Traditional Industries (SFURTI) is being implemented from 2005-06 for making Khadi, Village Industries & Coir Traditional Industries more productive and competitive by organizing these Industries and artisans into clusters. The Scheme envisages providing need-based assistance for replacement of production equipment, setting up of common facility centres (CFC), product development, quality improvement, improved marketing, training and capacity building, etc.

In addition to this, following initiatives have been taken to enhance the production and sales of KVI products.

- i) Liberal policy has been adopted to fix the target of production and sales of Khadi Institutions.
- ii) KVIC has been catering to the need of Government Departments and bulk buyers such as, Defence, Health & Family Welfare Departments, Paramilitary Forces and other Ministries of Central & State Government 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.
- iii) One of the key interventions under reform programme is the development and implementation of the Khadi Mark. The Khadi Mark was launched by the President of India in September 2013 subsequent to notification of the Khadi Certification Regulations 2013. The Khadi Mark not only guarantees the genuineness of Khadi products but also promote Khadi as a brand that connotes social, cultural, and environmental values.

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