

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1275**  
**TO BE ANSWERED ON 27.07.2023**

**IMPACT OF PRICE RISE ON KHADI PRODUCTION**

1275. DR. BEESETTI VENKATA SATYAVATHI:  
SHRI N. REDDEPPA:

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

- (a) whether the Government is aware that the recent price rise in cotton and sliver has negatively impacted khadi production in the country;
- (b) if so, the measures taken by the Government to ensure decreased price of raw material;
- (c) whether the Government proposes to remove the current five per cent GST applied on the cotton sliver from which the yarn for khadi fabric is derived as khadi products are exempted from GST as being demanded;
- (d) whether it is true that many Khadi kendras have been shut down due to low production levels which is resulting in unemployment; and
- (e) if so, the steps taken/being taken by the Government to strengthen Khadi and Village Industries Commissions?

**ANSWER**

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI BHANU PRATAP SINGH VERMA)

(a)&(b): Ministry of MSME, through Khadi and Village Industries Commission's (KVIC) Departmental Central Sliver Plants (CSPs), are procuring cotton only from Cotton Corporation of India (CCI). KVIC is aware of increase of prices of raw material (cotton) from the month of September 2021 onwards. In order to maintain cost of the fabric, thereby achieving the sales target, the difference of price hike of raw material (cotton) and Khadi fabric produced is met from the Price Fluctuation Fund available with Departmental Central Sliver Plants, without revision of sliver/roving cost produced by the plant till 31.03.2022 i.e Rs. 227/Kg.

Further, as the cost of the cotton increased in the market, KVIC has to revise the cost of Sliver/roving w.e.f. 01.04.2022 to Rs. 385/Kg. Thereafter, cost of cotton has substantially reduced and cost of sliver/roving have also been brought down correspondingly by about 40% from 01.04.2023 as compared to 01.04.2022 at Rs. 265/Kg. Due to such timely measures taken by KVIC, the demand and supply of the raw material to the KIs has been kept unaffected resulting in unhindered production performance by the KIs.

(c): No Sir, no such proposal to exempt the current five per cent GST applied on the cotton sliver is under consideration with the Government.

(d): No Sir, Khadi Institutions have not been shut down due to low production.

(e): Government of India, through Khadi and Village Industries Commission, has been taking following steps for strengthening of KVIC:

- i. Promote Khadi Mark and create a niche for Khadi and Village Industries (KVI) products based on quality and sustainability.
- ii. Under Workshed Scheme, financial assistance is provided upto Rs. 1,20,000/- for construction of Individual Workshed and Rs. 80,000/- per artisan for construction of Group Workshed for improving the working condition of Khadi workers.
- iii. Under Strengthening of Infrastructure of Existing Weak Khadi Institutions, financial assistance is provided upto Rs. 15.00 lakh to KIs for capital expenditure and working capital.
- iv. To enhance earning of the artisans, KVIC has increased the spinning wages from Rs. 7.50/- per hank to Rs. 10.00 per hank w.e.f 01.04.2023.
- v. In order to improve the quality and increase the productivity for reducing the roving cost, Refurbishment/Modernization of the CSPs in consultation with Textile Research Association has been under taken.

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