

**GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:2581
ANSWERED ON:05.12.2001
SICKNESS IN KHADI UNITS
PRENEET KAUR

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a) whether 25 per cent of the Khadi Units in the country have become sick;
- (b) if so, the reasons therefor;
- (c) the steps taken by the Khadi and Village Industries Commission (KVIC) for the rehabilitation of the such units; and
- (d) the steps taken by KVIC to restore the confidence of the entrepreneurs about the continuation of the programme and easy availability of funds and the wage incentives provided by the Central Government on the lines of State Governments in order to improve the employment opportunities in Khadi sector?

Answer

THE MINISTER OF AGRO AND RURAL INDUSTRIES (SHRI KARIYA MUNDA)

(a) & (b): Due to multifarious reasons such as changing tastes, influence of branded products, availability of cheaper products, poor designs etc. many Khadi institutions are unable to sell their stocks.

(c): The Khadi and Village Industries Commission (KVIC) has prepared a detailed guideline for dealing with problematic Khadi institutions. The KVIC has also taken steps to categorize institutions in order to have a better monitoring of performance of Khadi institutions.

(d): The KVIC continues its assistance to the Khadi Programme. The institutions are permitted to keep the working capital given earlier by the KVIC, in the form of working fund if they maintain a certain level of production. After making the assessment of fund requirement, the KVIC also issues Interest Subsidy Eligibility certificates (ISEC) to enable Khadi institutions to mobilise funds from Banks at a concessional rate of interest. The Khadi Programme is regulated by a cost-chart system, which has an inbuilt capacity to protect the interest of workers. Further, the Government of India has also announced a special package for Khadi sector on 14th May 2001, which inter-alia provides for an insurance scheme for the benefit of Khadi workers, long term rebate policy, option between rebate and Market Development Assistance etc., quality and design improvement etc.