

**GOVERNMENT OF INDIA  
MICRO, SMALL AND MEDIUM ENTERPRISES  
LOK SABHA**

UNSTARRED QUESTION NO:615

ANSWERED ON:21.10.2008

FUNDS FOR KVIC AND KVIB

Ramadass Prof. M;Sharma Shri Madan Lal;Siddeswara Shri Gowdar Mallikarjunappa

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

- (a) the profit earned and losses incurred by the Khadi and Village Industries Commission (KVIC) during each of the last three years and the current year, State-wise;
- (b) the total funds allocated and released by the Government to the Khadi and Village Industries Commission (KVIC) and Khadi and Village Industries Boards (KVIBs) at State levels during each of the last three years and the current year, separately, State-wise;
- (c) whether the KVIC and these Boards have fully utilized the funds allocated during the said period;
- (d) if so, the details thereof and if not, the reasons therefor, State-wise;
- (e) whether the Government has constituted any Monitoring Cell to check the utilization of funds for implementation of various scheme by KVIC and KVIBs;
- (f) if so, the details thereof and if not, the reasons therefor;
- (g) whether the Government has any new package/proposal under its consideration to further strengthen and revitalise the KVI sector; and
- (h) if so, the details thereof?

**Answer**

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a): The Khadi and Village Industries Commission (KVIC) is not a commercial organization. However, in the course of its promotional activities, KVIC undertakes some trading activities to market khadi and village industry products where some profit is earned or losses incurred.

(b): The approved grants for various schemes and intervention for the promotion and development of khadi and village industries are released to the KVIC which, in turn, reallocates the funds to the Khadi and Village Industries Boards (KVIBs) of States/Union Territories (UT). The year-wise budgetary head-wise details of funds allocated as well as those released by Government to KVIC during 2005-06, 2006-07, 2007-08 and also the details funds disbursed by KVIC, including those to KVIBs of States/Union Territories, during the same period are given at Annex. I. Similar details for 2008-09 are given at Annex. II.

(c) & (d): Funds provided by KVIC to State/Union Territory KVIBs during the last three year and the current year were mainly in the form of margin money assistance under Rural Employment Generation Programme (REGP)/Prime Minister's Employment Generation Programme (PMEGP).

The details of margin money disbursed by KVIC and the share of State/Union Territory KVIBs in the same are given in the Table below:-

(Rs. in crore)

Year	Margin Money disbursed by KVIC	Share of State/Union Territory KVIBs
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2005-06	379.73	169.87
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2006-07	371.45	180.57
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(e) & (f): The status of utilization of funds granted to KVIC is monitored by the Government regularly at various levels, though no separate Monitoring Cell has been set up. Utilisation Certificates duly certified by KVIC are also obtained as per extant instructions of the Government.

(g) & (h): Yes, Sir. A new scheme called Prime Minister's Employment Generation Programme (PMEGP) has approved for implementation from 2008-09 to 2011-12 with an estimated outlay of Rs. 4735 crore (Rs. 4485 crore towards margin money and Rs. 250 crore towards backward forward linkages). The Scheme will be implemented through the Khadi and Village Industries Commission (KVIC), as the single nodal agency at the national level. At the State/Union Territories level, the scheme will be implemented through field offices of KVIC, State/Union Territory Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and Banks. Under this Programme, entrepreneurs can establish village industries, by availing of margin money assistance from the KVIC/KVIBs of States & Union Territories/DICs and loans from implementing public sector scheduled commercial Banks, selected regional rural Banks and co-operative Banks, etc., for projects with a maximum cost of Rs. 10 lakh each in the service/Business sector and up to Rs. 25 lakh each in the manufacturing sector. The margin money admissible to entrepreneurs in urban areas is 15% of the project cost for General category entrepreneurs and 25% of the project cost for special category entrepreneurs, including Scheduled Castes/Scheduled Tribes/Other Backward Classes/Minorities/Women, Ex-Servicemen, Physically Handicapped, North-Eastern Region, Hill and Border areas, etc. The margin money admissible to entrepreneurs in rural areas is 25% of the project cost for General category entrepreneurs and 35% of the project cost for special category entrepreneurs, including Scheduled Castes/Scheduled Tribes/Other Backward Classes/Minorities/Women, Ex-Servicemen, Physically Handicapped, North-Eastern Region, Hill and Border areas, etc.