

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

STARRED QUESTION NO:262
ANSWERED ON:16.03.2010
KHADI REFORM AND DEVELOPMENT PROGRAMME
Gaddigoudar Shri P.C.;Pradhan Shri Nityananda

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

- (a) whether the Government has approved the Khadi Reform and Development Programme;
- (b) if so, the salient features of the said programme alongwith the details of the financial allocation made thereon;
- (c) whether assistance has been received from financial institutions for the programme;
- (d) if so, the details thereof;
- (e) whether the said programme is likely to revive the khadi sector; and
- (f) if so, the details thereof and the manner in which the said programme is likely to be implemented?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a) to (f): A statement is placed on the table of the Sabha.

STATEMENT REFERRED TO IN ANSWER TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 262 FOR ANSWER ON 16.03.2010.

(a)to(d): The Government has approved (on 10 December 2009) a comprehensive 'Khadi Reform and Development Programme (KRDP)' to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment of spinners and weavers, increased artisans' welfare and development of selected village industries. For implementation of the programme, an amount of US\$ 150 million from Asian Development Bank (ADB) is being provided to the Government of India and will be released to Khadi and Village Industries Commission (KVIC) as 'grants-in-aid' under budgetary allocation through the Ministry of MSME. The funds will be made available by ADB in four tranches during the programme implementation period of 36 months from the date of loan effectiveness (i.e., 02 February 2010) as per the activities given below:

Sr. No.	Activity	Cost
		US \$ in Million

1	Khadi Sector Reforms (Khadi Mark, market linked pricing, rationalized Support to khadi, organizational reform, IT and associated capacity building, raw material procurement and assessment)	20
---	---	----

2	Marketing {Marketing organization (MO), 20 new sales outlets under MO, up-gradation of 4 sales outlets in each of 300 khadi institutions}	57
---	--	----

3	Capacity and Equipment (Revitalizing Khadi Institutions - Production, equipment, capacity building etc., New khadi ventures, comprehensive capacity building of trainers and training institutions of KVIC and synergies with Village Industries)	61
---	--	----

4	Contingency	12
---	-------------	----

An amount of Rs. 96 crore (first tranche) has been released to KVIC for the purpose during February 2010.

(e)&(f): Under KRDP, direct reforms programme will be implemented through 300 selected khadi institutions who would be supported with modern equipment comprising charkhas, looms, ready warping machines, ready to use units, sheds, working capital and provided support for capacity building of khadi workers. It also provides for 50% representation of khadi spinners and weavers in its management to ensure that the benefit of surpluses generated through increased sales realization are transparently passed on to the artisans. Provisions for updation of Central Spinning Plants of KVIC and setting up of a Marketing Organization through private participation have also been made for market development activities like market survey, design inputs, brand building, khadi mark promotion, development of clusters in five traditional industries, opening of new sales outlets in metropolitan cities and State capitals and renovation and modernisation of institutional sales outlets.