

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

STARRED QUESTION NO:358  
ANSWERED ON:28.07.2009  
PERFORMANCE OF KHADI AND VILLAGE INDUSTRY SECTOR  
Pal Shri Jagdambika

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

- (a) the details of the sale of khadi products during each of the last three years and the current year, State-wise;
- (b) whether the Government has noticed any constraints being faced in the development of the sector including decline in the sale of khadi products;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether the Government proposes to formulate a package to stimulate the khadi sector; and
- (e) if so, the details thereof and the time by which a decision in this regard is likely to be taken?

**Answer**

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

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

STATEMENT REFERRED TO IN ANSWER TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 358 FOR ANSWER ON 28.07.2009.

(a): State-wise details of khadi sales made during last three years and target for 2009-10 are at Annex.

(b) to (e): Till 2001-02, there was decline of employment in khadi sector owing mainly to falling wage earning caused by low production capacity of the artisans who were using traditional charkhas. There was also lack of adequate focus by khadi institutions/producers to production and sales planning, particularly on the aspects of quality and marketability of product. The working capital availability also worsened due to accumulation of unsold stocks, inadequacy of proper space for storage and activities like spinning and weaving. Delay in receipt of rebates admissible to the khadi institutions also resulted in decline in the production and sales of khadi and khadi products during 1998-99 to 2001-02. However, with the initiatives taken by the Government through Khadi and Village Industries Commission (KVIC) to promote khadi, the value of khadi production and its sales have been increasing consistently from 2002-03 onwards. The production and sale of khadi during last three years is given below:

YEAR    PRODUCTION    SALES  
(Value Rs. crore) (Value Rs. crore)

2006-07	491.52	663.19
2007-08	543.39	724.39
2008-09#	565.12	854.78

#Provisional

In order to promote khadi activities, the Government through KVIC introduced two new schemes in 2008-09 namely, 'Workshed Scheme for Khadi Artisans' for providing assistance for construction of worksheds for better work environment and the 'Scheme for enhancing productivity & competitiveness of Khadi Industries and Artisans' to assist 200 khadi institutions to make khadi industry competitive with more market driven and profitable production by replacement of obsolete and old machinery and equipment. One more scheme 'Strengthening of Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' has been approved in July 2009 which envisages renovation of selected 30 khadi sales outlets and providing assistance for strengthening of infrastructure of existing 100 weak selected institutions.

Besides, a number of steps are taken to strengthen the khadi sector which includes provision of institutional credit at the concessional rate of interest of 4% per annum is given as per the requirement of the institutions registered with KVIC and State/UT Khadi and Village Industries Boards (KVIBs) under Interest Subsidy Eligibility Certificate (ISEC) scheme, improved design and packaging of khadi products under Product Development, Design Intervention & Packaging

(PRODIP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI) for development clusters in khadi, village industries and coir sectors, assistance to khadi institutions for participating in exhibitions at the national and sub-national levels, etc.

Department of Economic Affairs, Ministry of Finance has tied up financial aid from Asian Development Bank amounting to US\$150 million over a period of three years for implementing the comprehensive 'Khadi Reform Programme to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment of spinners and weavers, increased artisan welfare and to enable KVIC to stand on its own.

Further to boost the sale of khadi products, a number of khadi and village industry items are covered under the Rate Contract System of the Directorate General of Supply and Disposals, Government of India and Government supply activities are undertaken in the Khadi Gramodyog Bhawans located at Mumbai, Patna, Kolkata, Bangalore, Bhopal and New Delhi.