

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

UNSTARRED QUESTION NO:2293
ANSWERED ON:21.07.2009
MARKET DEVELOPMENT SCHEME FOR KHADI PRODUCTS
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether in terms of market development scheme, a rebate is extended for the sale of Khadi products;
- (b) whether the Government is aware that the scheme has only benefited the seller instead of the artisan;
- (c) if so, the corrective action taken thereon;
- (d) whether the Government proposes to revamp of the scheme ; and
- (e) if so, the details thereof?

Answer

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

(a)to(e): Khadi Rebate is a Government subsidy on the retail sale of khadi and khadi products made available by the Government as announced on year to year basis. A normal rebate of 10% on khadi sale is passed on to customers throughout the year and an additional special rebate is given @ 10% for 108 days which could coincide with local festivals, etc. Several Committees formed by the Government observed that khadi needs support in view of its inherent low productivity with the objective to develop the sector so that it is able to face open market competition and attract consumers by way of quality, design and appeal and not just by rebate.

Based on the recommendations of various Committees and observations made by the Ministry of Finance, it has been felt that there is a need to find effective alternative to the rebate scheme and the Government is considering a better attractive scheme of Market Development Assistance (MDA) on production of khadi. The assistance under MDA to khadi institutions is expected to enhance the wages of artisans, help the institution to improve their infrastructure, provide seasonal rebate if required, skill upgradation of artisans, improvement in the khadi quality and marketing linkages by providing them certain flexibility in utilization of the assistance.