

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

UNSTARRED QUESTION NO:3379
ANSWERED ON:30.11.2010
KHADI REFORMS AND DEVELOPMENT PROGRAMME
Gaddigoudar Shri P.C.

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

- (a) whether the Government proposes a comprehensive Khadi Reforms and Development Programme in the country with assistance from the Asian Development Bank;
- (b) if so, the details thereof;
- (c) whether the Government has identified the institutions for implementation of the said programme;
- (d) if so, the details thereof alongwith the criteria adopted for identification of such institutions;and
- (e) the names of the khadi institutions so far released assistance alongwith the details of reform activities undertaken in each of such institution?

Answer

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

(a) & (b): The Government has already launched 'Khadi Reform and Development Programme (KRDP)' which aims to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment for spinners and weavers, increased artisans' welfare and achieve synergy with village industries. Under KRDP, funds to the tune of US\$ 150 million (equivalent to around Rs.717 crore) from Asian Development Bank (ADB) are being provided to the Government of India in four tranches spread over a period of three years beginning February 2010 to be released to Khadi and Village Industries Commission (KVIC) as 'grants-in-aid' under budgetary allocation through the Ministry of MSME as per the activities given below:

Sr. No.	Activity	Cost(US\$ in million)
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| 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 |

Total 150

Provision for updation of Central Sliver Plants of KVIC and setting up of a Marketing Organization (MO) through private participation has also been made for market development activities like market survey, design inputs, brand building, 'Khadi Mark' promotion, development of clusters in five traditional village industries, opening of new sales outlets in metropolitan cities and State capitals and renovation and modernisation of institutional sales outlets. An amount of Rs.96 crore (first tranche) has been released to KVIC for the purpose during February 2010.

(c) & (d): Under KRDP, direct reforms programme will be implemented through 300 selected khadi institutions which would be supported with modern equipment such as charkhas, looms, ready warping machines, etc. and provided support for capacity building of khadi workers. It also provides for 50% representation of khadi spinners and weavers in management of khadi institutions and requires that the benefit of surpluses generated through increased sales realization is transparently passed on to the artisans.

The institutions implementing reforms under KRDP are selected keeping the needs of regional balance, geographical spread and inclusion of backward areas on the basis of a set of criteria that includes:

- # the institutions must be a directly aided institution under KVIC, registered with KVIC or KVIBs.
- # the institutions must be involved in composite activity, i.e., spinning, weaving and marketing.
- # The institutions must satisfy categorization norm
- # The institution must have a minimum turnover of Rs.50 lakh [Rs.25 lakh for North-Eastern Region (NER)], must have at least 200 artisans associated with it (100 artisans for NER).

(e): No financial assistance under the KRDP has been released to any khadi institution as on date.