

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

UNSTARRED QUESTION NO:677
ANSWERED ON:24.02.2011
SCA TO STATES
Sampath Shri Anirudhan

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

- (a) whether the Government proposes to provide the Special Central Assistance to States for improving the production of Khadi and Village Industries so as to achieve the targeted percentage growth in this sector;
- (b) if so, the details of the assistance proposed to be provided along with the new schemes prepared for the purpose, State-wise; and
- (c) the other steps taken by the Government to revamp and rejuvenate the khadi and village industries sector, State-wise?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

(a) Though, the Ministry of Micro, Small and Medium Enterprises, at present, has no proposal as such, for providing Special Central Assistance to States for improving the production of khadi and village industries, the Ministry has been facilitating promotion and development of khadi and village industries sector through various schemes of financial assistance. The specific schemes/programmes undertaken by the Ministry through Khadi and Village Industries Commission (KVIC) for the development of khadi and village industries sector include (i) 'Prime Minister's Employment Generation Programme (PMEGP) for setting up micro enterprises in rural and urban areas with attractive levels of subsidy for generation of additional employment opportunities, (ii) 'Interest Subsidy Eligibility Certification (ISEC) scheme for providing bank loans to khadi units at subsidized rates of interest', (iii) 'Workshed Scheme for Khadi Artisans' for providing assistance for construction of worksheds for better work environment, (iv) '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 old machinery and equipment,'(v) 'Strengthening Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' envisaging renovation of selected 30 khadi sales outlets and providing assistance for strengthening infrastructure of existing 100 weak selected institutions, (vi) 'Scheme of Fund for Regeneration of Traditional Industries (SFURTI) for development of clusters intra alia in khadi and village industries and (vii) 'Product Development, Design Intervention & Packaging (PRODIP) for improved design and packaging of khadi garments'.

(b) The State-wise details of margin money assistance provided under Rural Employment Generation Programme(REGP)/ PMEGP during last three years and current year are given at Annex. I.

(c) Apart from the above, Department of Economic Affairs, Ministry of Finance has tied up funds aid from Asian Development Bank (ADB) amounting to US\$150 million over a period of three years from 2009-10 for implementing a comprehensive Khadi Reform Programme worked out in consultation with ADB and KVIC. Under this reform package, it is proposed to revitalize the khadi sector with enhanced sustainability of khadi capacity building of artisans increased incomes and employment to artisans, increased artisans welfare and giving artisans representation in management of khadi institutions. Initially, the programme will be initiated in 300 khadi institutions keeping the needs of regional balance, geographical spread and inclusion of backward areas. Number of institutions identified for assistance state-wise, tentatively, is at Annex-II.