

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

UNSTARRED QUESTION NO:1171  
ANSWERED ON:03.03.2011  
PRODUCTION AND DEMAND OF KHADI  
Mohan Shri P. C.

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

- (a) the production capacity and demand of Khadi in the country;
- (b) the steps taken by the Government to promote its export;
- (c) whether there is any plan to provide subsidies to the Khadi producers; and
- (d) if so, the details thereof?

**Answer**

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

(a) The production capacity and demand of khadi in the country can be gauged from the annual figures of production and sale of khadi reported by Khadi and Village Industries Commission(KVIC) (a statutory organization established under the KVIC Act 1956 engaged in promoting and developing khadi and village industries in the country) which are as follows:

YEAR	PRODUCTION	SALE OF
OF KHADI	OF KHADI	

(1)	(2)	(3)
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2007-08	543.39	724.39
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2008-09	585.25	799.60
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2009-10	628.98	867.01
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2010-11	510.91	784.63
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up to December 2010

Sale value includes allowable margin, transportation, packaging, publicity etc.

(b) The Ministry of Micro, Small and Medium Enterprises(MSME) through Khadi and Village Industries Commission (KVIC) has taken a number of steps to promote the export of KVI products which include (i) incentives to institutions on exported item @5% of the Free on Board( FOB) value to a maximum limit of Rs. 10.00 lakh and (ii) providing assistance through KVIC having the status of deemed Export Promotion Council (EPC) for promotion of international market for khadi products as per the guidelines of the Government

(Ministry of Commerce & Industry). EPC provides trade information, professional advice, organizes visits of delegation of its members abroad to explore overseas market opportunities, participate in trade fairs, exhibitions and Buyer Seller Meet in India and abroad, promotes interaction between the exporting community and the Govt., both at Central & State level and builds a data base of exporters/importers.

(c) & (d) The Government in the Ministry of MSME has, with effect from 01 April 2010, introduced a flexible, growth stimulating and artisan-centric scheme of Market Development Assistance (MDA) on production of khadi and polyvastra for implementation by KVIC. The scheme provides for financial assistance to khadi institutions @ 20% of production value on khadi and polyvastra to be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45. Under the new system of MDA, sales are expected to be evenly spread throughout the year, and the institutions will have the flexibility to use the assistance as per their actual needs and priorities to improve production and marketing infrastructure such as improving the outlets, designing products as per market demand or even giving incentive to customers, etc. The newly introduced MDA scheme makes it mandatory for the institutions to pass on 25% of the total MDA to the spinners and weavers as incentive or bonus in addition to their wages through their bank accounts or post office accounts.