

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

UNSTARRED QUESTION NO:3804
ANSWERED ON:25.08.2011
SUBSIDY TO KHADI
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the details of schemes being implemented for promotion of khadi by Khadi and Village Industries Commission(KVIC);
- (b) the details of the subsidy provided under these schemes during the last three years, year-wise;
- (c) whether some cases of fake companies taking subsidy in the name of khadi have come to the notice of the Government;
- (d) if so, the details thereof indicating the names of these companies; and
- (e) the steps taken by the Government against these companies?

Answer

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

(a) Government in the Ministry of Micro, Small and Medium Enterprises through Khadi and Village Industries Commission (KVIC) has been implementing a number of schemes for the promotion of khadi. These include: (i) 'Interest Subsidy Eligibility Certification (ISEC) scheme for providing bank loans to khadi units at subsidized rates of interest', (ii) Incentivizing production and sale of khadi and Polyvastra by introducing a new scheme named Market Development Assistance (MDA) with assistance to khadi institution @ 20% of the value of production to be shared among spinners/weavers, producing institutions and selling institutions in the ratio 25:30:45 (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 khadi institutions to make khadi industry more competitive with more market driven production by replacement of obsolete old machinery and equipments',(v) 'Strengthening Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' envisaging renovation of 30 khadi sales outlets and providing assistance for strengthening infrastructure of existing 100 weak selected institutions, (vi) a comprehensive Khadi Reforms and Development Programme (KRDP) under which Government of India has tied up funding from Asian Development Bank (ADB) to the tune of US \$ 150 million to re-vitalise the khadi sector. KRDP is being implemented through identified khadi institutions over a period of three years from 2009-10 (vii)'Scheme of Fund for Regeneration of Traditional Industries (SFURTI) for development of traditional industries clusters including khadi and (viii) 'Product Development, Design Intervention & Packaging (PRODIP) for improved design and packaging of khadi garments' for better market acceptability.

(b) The details of funds provided to KVIC for the promotion of khadi during the last three years are as under:

Sr.No.	Year	Funds provided to KVIC for the promotion of khadi (in ` crore)
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1.	2008-09	244.45
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2.	2009-10	250.60
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3.	2010-11	481.09
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(c) to (e) According to KVIC, societies registered under Societies Registration Act, 1861, trust and other such bodies enlisted with KVIC/ State KVI Board only are allowed to produce and sell khadi products. Private or public limited companies are not eligible to

undertake khadi activities, and therefore, the question of fake companies taking subsidies in the name of khadi does not arise. However, KVIC has also reported that instances of irregularities committed by the registered khadi institutions have come to their notice in which they have initiated action. Action has been taken against four khadi institutions as detailed below:-

(i) Vinoba Seva Samiti, Jaipur: Further financial assistance to this institution was stopped for irregularities including supply of non-khadi cloth as Khadi;

(ii) Adarsh Gramodyog Samiti, Delhi: Recovery was ordered from this institution on the basis of irregularities in the claim of Market Development Assistance as reported by audit.

(iii) Debipur Resham Khadi Gramodyog Samity, Burdwan, West Bengal: Khadi certificate of this institution was cancelled in 2008-09 for irregularities in purchase of raw materials, etc.

(iv) Khadi 'O' Gramin Shilpa Samity, Berhampur, Murshidabad: Khadi certificate of this institution was cancelled w.e.f. 2009 on the ground of producing spurious khadi.