

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

UNSTARRED QUESTION NO:3840

ANSWERED ON:25.08.2011

MARKET DEVELOPMENT ASSISTANCE SCHEME FOR KHADI

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash

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

- (a) whether the Government has introduced Market Development Assistance (MDA) scheme for development of khadi;
- (b) if so, the details thereof;
- (c) whether this scheme is in continuation of the rebate system;
- (d) if so, the details thereof;
- (e) the amount fixed under MDA to be passed on to the spinners and weavers to increase the earnings of Khadi artisans;
- (f) whether some amount under MDA is also earmarked for khadi institutions for production and marketing related activities; and
- (g) if so, the details thereof ?

Answer

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

(a) Yes, Madam.

(b) to (d) In order to promote market for khadi products, the Government had continued through the Khadi and Village Industries Commission (KVIC) a policy of rebate on sale of khadi and khadi products till 2009-10. Normal rebate @10% of sales used to be given throughout the year whereas a special rebate of additional 10% used to be given for 108 days in a year coinciding with Gandhi Jayanti and / or local festivals. However, on the recommendations of an Expert Committee and after trying pilot projects and extensive consultations with stakeholders, the Government has introduced with effect from 01 April 2010 a more flexible scheme, namely, Market Development Assistance (MDA) Scheme on production of khadi in place of existing scheme of Rebate on sales. The MDA scheme envisages financial assistance @ 20% of production value on khadi and polyvastra to be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45.

(e) The newly introduced MDA scheme has a provision of sharing 25% of the assistance (MDA) with the artisans as incentive or bonus in addition to their wages through their bank accounts or post office accounts.

(f) Yes, Madam.

(g) Under MDA scheme, producing institutions are entitled to retain 30% of the MDA, and pass on 45% of MDA to selling institutions who are given the flexibility to utilize their share of MDA, inter alia, on renovation of outlets, training of sales persons, computerizations, designing, publicity, providing discount to customers etc as per need.