

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

UNSTARRED QUESTION NO:5975
ANSWERED ON:08.09.2011
CLOSURE OF KVI INSTITUTIONS
Singh Dr. Raghuvansh Prasad

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

- (a) whether many Khadi and Village Industries institutions in Bihar are on the verge of closure;
- (b) if so, the reasons therefor;
- (c) whether the Government has taken any steps for revival of these institutions;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

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

(a)&(b): There are 87 khadi institutions affiliated to Khadi and Village Industries Commission (KVIC) and Bihar Khadi and Village Industries Board implementing khadi programme in Bihar, out of which, five are in the deteriorating condition. Khadi & Polyvastra programme in Bihar has declined during the last 10 years, because of losses suffered by a number of khadi institution during this period. The institutions have been facing difficulties in sustaining Khadi Programme mainly because of working capital crunch. However, KVIC has intervened and taken steps to rehabilitate five of these khadi institutions with a special package. Khadi activity in Bihar is mostly implemented by Bihar Khadi Gramodyog Sangh (BKGS), Muzaffarpur and its district level decentralized units. A team constituted by KVIC in 2007, after in-depth study of the state of affairs of the working of BKGS and its decentralized units, identified reasons for deteriorating health of Khadi institutions in Bihar including the following:-

- (i) Inefficiency in implementation of programme, improper utilization of funds and disproportionately large manpower in relation to the activities.
- (ii) Working Capital of the institutions also getting blocked in inventory and receivable etc.
- (iii) Non-transfer of immovable properties from the mother unit to the decentralized units of BKGS as a result of which, flow of fund to these decentralized units got restricted hampering production and sales process.
- (iv) Looms and Charkhas were not in good condition, which could not be replaced due to restriction of flow of fund hampering the productivity and quality of the material being produced.
- (v) As the charkhas and looms have become old, the earning capacity of the artisans did not increase in tune with the rising cost of living. Hence artisans did not get much encouragement in taking up the Khadi spinning and weaving activities in state of Bihar.

(c) & (d) : On the basis of recommendations of the team constituted in 2007, KVIC has reported that a revival package was considered by KVIC with the following components:

Sl. No.	Particular of assistance	Amount (in Rs. lakh)
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1.	Providing 8 spindle New Model Charkhas	6.00
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2.	Providing improved looms	3.00
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3. Providing warping unit 3.00

4. Issue of Interest Subsidy Eligibilities Certificate 14.25
(ISEC) for obtaining working capital through Bank

Apart from sanctioning revival package to five institutions, KVIC also supported Gram Nirman Mandal, Gaya to the tune of ` 100.20 lakh for the all round development of Nawada Khadi cluster under the "Scheme of Fund for Regeneration of Traditional Industries" (SFURTI) scheme. 525 artisans have received direct benefit from the scheme. In addition to above, KVIC has also tentatively identified nine (09) Khadi institutions of Bihar for a total revamp of their infrastructure and activities through a comprehensive package of assistance under the Asian Development Bank assisted Khadi Reform Development Programme (KRDP).

(e) Does not arise.