

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

UNSTARRED QUESTION NO:386
ANSWERED ON:07.07.2009
REBATE TO KHADI AND VILLAGE INDUSTRIES
Karunakaran Shri P.;Muttemwar Shri Vilas Baburao

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

- (a) the details of rebate provided by the Government for the development of Khadi and Village Industries in the country;
- (b) whether the Government has any proposal to withdraw the said rebate scheme;
- (c) if so, the reasons therefor;
- (d) whether the Government proposes to seek the clearance of the Planning Commission for redesigning the scheme instead of seeking extension for year to year basis;
- (e) if so, the details thereof;
- (f) whether any revised scheme has been drawn up in this regard and if so, the details thereof; and
- (g) the other measures being taken by the Government to protect the khadi and Village Industries and Textile Sectors in the country ?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a): The details of rebate provided by the Government through Khadi and Village Industries Commission (KVIC) on the sale of khadi and khadi products during last three years are as under:

Year Amount (Rs. crore)

2006-07 101.47

2007-08 84.05

2008-09 136.22

(b) to (f): Rebate on the retail sale of khadi and khadi products is announced by the Government every year. A normal rebate of 10% on khadi sale is passed on to customers throughout the year and an additional special rebate is given @ 10% for 108 days which could coincide with local festivals, etc. Several Committees formed by the Government have gone into the question of rebate to khadi and it has been observed that khadi needs support in view of its inherent low productivity with the objective to develop the sector so that it is able to face open market competition and attract consumers by way of quality, design and appeal and not just by rebate.

Based on the recommendations of various Committees and observations made by the Ministry of Finance, the Government felt the need to find effective alternative to the rebate scheme and is considering a scheme of Market Development Assistance (MDA) on production of khadi. Details of the scheme are under finalization

(g): The Government has taken several measures for the development of khadi and village industry sectors which include introduction of two new schemes namely 'Workshed Scheme for Khadi Artisans' for providing assistance for construction of Workshed giving

artisans better work environment and Scheme for 'Enhancing Productivity & Competitiveness of Khadi Industry and Artisans' to assist 200 khadi institutions to make khadi industry competitive with more market driven and profitable production by replacement of obsolete and old machinery and equipment.