

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

UNSTARRED QUESTION NO:6829

ANSWERED ON:17.05.2012

SUBSIDY TO KHADI

Shivanagouda Shri Shivaramagouda;Singh Shri Ijyaraj ;Tudu Shri Laxman

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

- (a) whether the Government has considered / is considering to increase Khadi subsidy;
- (b) if so, the details thereof;
- (c) whether the Government has introduced interest subsidy scheme through Khadi and Village Industries Commission;
- (d) if so, the details thereof;
- (e) whether the said scheme is benefiting only the institutions financed under Khadi industry;
- (f) if so, the details thereof; and
- (g) whether the Government has received any proposal for extending the said scheme to the units financed under Village Industry Scheme both under Pattern Based Scheme (PBS) and Consortium Bank Credit schemes?

**Answer**

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

(a): No, Madam.

(b): Does not arise.

(c)&(d): Government in the Ministry of Micro, Small and Medium Enterprises (MSME) through Khadi and Village Industries Commission (KVIC) has been implementing a scheme of Interest Subsidy Eligibility Certificate (ISEC) for making available concessional working capital credit to khadi institutions. Under ISEC, credit is made available to khadi institutions at 4% interest and the difference between the actual rate of interest charged by banks and 4% is provided as subsidy (and is directly re-imbursed by KVIC to the financing Bank).

(e)&(f): Initially the benefits under ISEC were available for both khadi and village industries (VI) activities. However, with the launch of the erstwhile Rural Employment Generation Programme (REGP) in 1995-96, margin money subsidy was made available for new VI units. The benefits under ISEC were then restricted to khadi institutions to undertake khadi and polyvastra activities only, and benefits for V I units were frozen at the 1995 – 96 level and were to be discontinued after 2011-12. Margin money subsidy is still being made available to new VI units under the Prime Minister's Employment Generation Programme (PMEGP), which was launched in 2008-09 inter alia with the merger of the erstwhile REGP.

(g): No, Madam.