

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

UNSTARRED QUESTION NO:875  
ANSWERED ON:24.11.2009  
DEVELOPMENT OF KHADI AND RURAL INDUSTRIES  
Lal Shri Kirodi

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

- (a) the concessions granted for the development of Khadi and Rural Industries in the country;
- (b) if so, whether the Government has any proposal to withdraw the said concession;
- (c) if so, the reasons therefor; and
- (d) the measures taken by the Government to protect Khadi and Rural industries and textile sector in the country?

**Answer**

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

(a): The Union Government provides budgetary support through Khadi and Village Industries Commission (KVIC) for the development of khadi and rural industries in the country. Fiscal concessions in the form of total exemption/concessional rate of Value Added Tax (VAT) are also extended to KVI products by various State Governments. A number of khadi and village industry items are covered under the Rate Contract System of the Directorate General of Supply and Disposals, Government of India.

(b): No, Sir.

(c): Does not arise.

(d): In order to promote khadi and village industries, the Union Government through KVIC has taken several measures which include Interest Subsidy Eligibility Certificate (ISEC) scheme for providing bank loans to khadi and polyvastra units at subsidized rates of interest, Rural Industries Service Centres

(RISC) for setting up of common facility centers (CFCs) to provide infrastructural support and services to village industries, Scheme of Fund for Regeneration of Traditional Industries (SFURTI) for development of clusters in khadi, village industries and coir sectors, Product Development, Design Intervention & Packaging (PRODIP) for improved design and packaging of khadi garments, Research & Development and other support services, viz., marketing, export promotion, exhibitions at district, State, zonal & national level, design facility, brand building, etc.

Besides, `Prime Minister's Employment Generation Programme` (PMEGP) has been introduced during 2008-09 which is a significant initiative for setting up micro enterprises in rural and urban areas with a attractive levels of subsidy for generation of additional employment opportunities. Three new schemes have also been introduced in khadi sector namely, `Workshed Scheme for Khadi Artisans` for providing assistance for construction of worksheds for better work environment and the `Scheme for enhancing productivity & competitiveness of Khadi Industries 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 and `Strengthening of Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure` which envisages renovation of selected 30 khadi sales outlets and providing assistance for strengthening of infrastructure of existing 100 weak selected institutions