

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

UNSTARRED QUESTION NO:4129
ANSWERED ON:21.03.2013
MARKET DEVELOPMENT ASSISTANCE
Owaisi Shri Asaduddin

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 the development of Khadi and Polyvastra;
- (b) if so, the assistance provided to artisans and khadi institutions under the Scheme during each of the last three years and the current year, State/UT-wise;
- (c) the extent to which MDA Scheme has increased the production, sale and exports of Khadi; and
- (d) the other steps taken or being taken by the Government to encourage the production, sale and export of Khadi?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI K.H. MUNIYAPPA)

(a): Yes, Madam.

(b): Government has in 2010-11 introduced the Market Development Assistance (MDA) Scheme in place of the erstwhile scheme of Rebate. Under MDA, financial assistance is provided to khadi and polyvastra producing institutions @ 20% of the value of production of khadi and polyvastra to be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45. Under the Scheme, institutions have the flexibility to use their share of assistance to, inter alia, improve their production and sales infrastructure. State/UT-wise financial assistance provided by Khadi and Village Industries Commission (KVIC) under MDA scheme during 2010-11 to 2011-12 and the current year is given at Annex.

(c): Annual production, sale and export of khadi during the last 3 years is given below:

Year	Value of khadi production (Rs. crore)	Value of khadi sale (Rs. crore)	Value of khadi export (Rs.crore)
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2009-10	628.97	867.01	2.28
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2010-11	673.01	917.26	0.07
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2011-12	716.98	967.87	0.04
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Although it is expected to take some time to fully realize the impact of MDA on production, sale and export of khadi, there have already been considerable systemic improvement such as round the year sale rather than it being mostly around rebate seasons, as was the case in erstwhile Rebate system; payment of MDA in the year of production itself instead of payment in the following year in Rebate regime; artisans getting a definite share of MDA which was not available under Rebate system; etc. This is expected to improve the production, sale and export of khadi in the long run.

(d) Besides MDA, Government of India implements a number of others schemes through KVIC to encourage the production, sale and export of Khadi. These include:

- (i) Interest Subsidy Eligibility Certificate (ISEC) scheme;
- (ii) Scheme of Fund for Regeneration of Traditional Industries (SFURTI);

(iii) Scheme for Enhancing Productivity & Competitiveness of Khadi Industry and Artisans;

(iv) Workshed Scheme for Khadi Artisans; and

(v) Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure.

KVIC with the assistance of US\$ 150 million from Asian Development Bank (ADB) is also implementing a comprehensive Khadi Reform and Development Programme (KRDP), which includes capacity building of 300 khadi institutions and incentivizing production.

Formation of new khadi institutions are also encouraged by KVIC. During the last three years, 234 new khadi institutions have come up in the country. This is also expected to widen the khadi production base.

The Government, in order to boost export of KVI products, has given deemed 'Export Promotion Council' status to KVIC under which KVIC has already enlisted more than 900 units. There is a provision of providing incentive upto maximum limit of Rs. 10 lakh in the form of 5% FOB value of direct export of KVI products. Besides, KVIC has also been focusing on quality participation in international exhibitions and Buyer-Seller Meets abroad to tap new/emerging markets for KVI products.