

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

UNSTARRED QUESTION NO:2959  
ANSWERED ON:30.07.2014  
PRODUCTION EXPORT OF KHADI  
Dubey Shri Nishikant ;Sampath Shri Anirudhan

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

- (a) whether the Government proposes to promote and increase the production of khadi and its export;
- (b) if so, the steps taken/being taken by the Government in this regard and the details of Schemes to set up khadi industries in rural areas of the country;
- (c) whether rural enterprises play a pivotal role in the overall industrial development of the country and if so, the details thereof;
- (d) whether the Government proposes to provide new financial subsidies to the said industry; and
- (e) if so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI KALRAJ MISHRA)

(a): Yes, Madam.

(b): Government of India has established a statutory body named the Khadi and Village Industries Commission (KVIC) for the holistic development and promotion of khadi and village industries in the country. KVIC implements a number of schemes for development, promotion & growth of khadi which include:

(i) Market Development Assistance (MDA) under which assistance is provided @ 20% of value of production khadi and polyvastra to be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45.

(ii) Scheme of Fund for Regeneration of Traditional Industries (SFURTI) under which assistance for replacement of obsolete equipments, setting up common facilities centres, product development, market promotion and other support are provided in clusters.

(iii) Scheme for Enhancing Productivity & Competitiveness of Khadi Industry and Artisans under which assistance for replacement of charka, product development, design intervention and packaging etc. is provided.

(iv) Interest Subsidy Eligibility Certification (ISEC) scheme for providing bank loans for khadi and polyvastra at subsidized rates of interest.

(v) Strengthening Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' envisaging renovation of khadi sales outlets and providing assistance for strengthening infrastructure of existing weak selected institutions

KVIC with assistance of US\$ 150 million from Asian Development Bank (ADB) also implements a comprehensive reform package for the khadi sector namely Khadi Reform and Development Programme (KRDP), which includes capacity building of 300 khadi institutions and incentivizing production. 'Khadi Mark' has also been introduced to guarantee the genuineness and purity of khadi sold in the market. Formation of new khadi institutions are also promoted by KVIC.

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 exporters. There is a provision of providing incentive 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.

(c) to (e): Rural enterprises play a pivotal role in the overall industrial development of the country and the development of rural industries is primarily the responsibility of State Governments. However, Government in the Ministry of Micro, Small and Medium Enterprises (MSME) supplements the efforts of State Governments by implementing a number of schemes for the development of khadi, village industries and coir through Khadi and Village Industries commission (KVIC) and Coir Board. These include a major credit-linked subsidy programme named Prime Minister's Employment Generation Programme (PMEGP) being implemented through Banks since 2008-09 with KVIC as nodal agency at the national level for generating employment in the Country by setting up of micro-enterprises in the non-farm sector. Under PMEGP, general category beneficiaries can avail of margin money subsidy of 25% of the

project cost in rural areas and 15% in urban areas. For beneficiaries belonging to special categories such as scheduled castes, scheduled tribes, OBCs, minorities, women, ex-servicemen, physically handicapped, beneficiaries belonging to North Eastern Region, hill and border areas, etc., the margin money subsidy is 35% in rural areas and 25% in urban area. The maximum cost of project is ` 25 lakh in the manufacturing sector and ` 10 lakh in the service sector. Under PMEGP, a total of 2.73 lakh micro enterprises have been assisted with a margin money subsidy of Rs 5223.87 crore providing employment to an estimated 24.06 lakh persons since its inception till June 2014.