

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

UNSTARRED QUESTION NO:1369

ANSWERED ON:24.07.2017

Performance of KVIC

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

- (a) whether the Government has reviewed the performance of the Khadi and Village Industries Commission (KVIC) during the last three years, if so, the details and the outcome thereof and if not, the reasons therefor;
- (b) the details of the new khadi outlets opened across the country during the said period, State/UT-wise;
- (c) whether the KVIC has increased its sale, if so, the details thereof including percentage and amount of increase in sale during the said period;
- (d) whether Indian Railways and Air India are being encouraged to use khadi made fabrics in trains and aeroplanes, if so, the details of value of total demand orders placed by Indian Railways and Air India for khadi fabrics during the said period; and
- (e) the other steps taken by the Government to modernise and promote khadi industries in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI GIRIRAJ SINGH)

(a): Ministry of MSME has held periodic review of the performance of Khadi and Village Industries Commission (KVIC) schemes at various levels and suggested some modifications which were implemented by KVIC thus achieving performance which shows steady progress year after year. Some of the major initiatives undertaken by KVIC are as follows:

1. Erstwhile Market Development Assistance (MDA) scheme has been modified as Market Promotion Development Assistance scheme (MPDA) which is formulated as a unified scheme by merging different schemes/ sub-schemes/ components viz. Market Development Assistance, Publicity, Marketing and Market promotion and adds a new component of Infrastructure (inclusive of new component of Marketing Complexes/Khadi Plaza).
2. Under modified MDA, pricing would be fully de-linked from the cost chart and products can be sold at market-linked prices at all stages of production. Modified MDA shall be calculated at 30% of Prime Cost (cost of raw material plus conversion charges upto grey cloth plus processing charges without margins.) the MMDA shall be distributed among producing institutions (40%), Selling Institutions (20%) and artisans (40%).
3. KVIC have introduced 'Khadi Mark' wherein producers of Khadi has to obtain Khadi Mark Certificate for attaching Khadi Mark label with the Khadi and Khadi product to be sold by them in the market. KVIC have prescribed a one page application form, to facilitate Khadi Institutions (KIs) to apply easily.
4. An online application system has been made operational for disbursement of MDA/MPDA to KIs and artisans. Institutions are uploading data and filing their MDA/MPDA claims pertaining to 2016-17 in the online system.
5. To enhance the earnings of Khadi artisan, who are mainly hand-spinners, the base rate of hank conversion was increased from Rs. 4.00 to Rs. 5.50 per hank.
6. KVIC has developed an online application system for release of ISEC fund/interest subsidy amount directly to the cash credit account of KIs. Under the system the financing bank branch will upload the claim and the amount will be directly credited to the KIs account.
7. With change in PMEGP negative list, Khadi units can now be set up under PMEGP.
8. Activity of Spinning Solar Charkha has been permitted through PMEGP.
9. KVIC launch e-Portal and introduced online process flow of application and disbursement of Margin Money directly to financing bank branches through Corporation Bank being a single national level nodal bank by adopting Direct Benefit Transfer (DBT).
10. An online application system has also been developed for providing Khadi Certificate.

(b): In view of the requirement to expand market reach, under 'Market Promotion Development Assistance' (MPDA) assistance to set up new Khadi plazas has been envisaged.

KVIC is having network of around 7050 sales outlets run by KVIC, KVIB institutions. A sub scheme namely "Assistance for Marketing Infrastructure" was introduced for the renovation of Departmental Sales Outlets of KVIC and State KVIBs and retail sales outlets of Khadi Institutions to increase the turnover of Khadi products through improved marketing infrastructure.

Under the scheme, financial assistance is provided at the maximum limit of Rs. 25.00 lakh in urban areas and Rs. 20.00 lakh in rural

areas, in terms of 75% to institutional sales outlets, 85% to State KVIBs outlets and 100% to KVIC outlets.

The following Departmental Khadi Sales Outlets have been set-up across the country during the last three years:
i. Dr. B.R. Ambedkar Institute of Rural Technology & Management & Institute of Renewable Energy, Nashik (Maharashtra)
ii. Opened premier 'Khadi Showrooms' known as Khadi Lounge at New Delhi, Mumbai and Jaipur.

Two sales outlets run by KVIC/KVIB institutions have also been set up at Airports of Visakhapatnam and Lucknow, respectively. The list of sales outlets opened by KVIC, KVIB institutions during last three years are as follows:

Number of sales outlets opened

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Sl. No State/UT 2014-15 2015-16 2016-17
(Provisional) Total
1. Punjab* 3 3 0 6
2. Delhi 1 0 0 1
3. Uttar Pradesh 1 2 4 7
4. Odisha 2 2 0 4
5. Gujarat 2 1 2 5
6. Maharashtra 2 2 1 5
Total 11
10
7
28
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</pre> * including UT Chandigarh

(c): Yes Madam. The sale of KVI products has seen considerable increase during the last three years which can be seen from the following table:

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Year Sales (Rs. in crore) % increased
Khadi V.I. Total
2014-15 1170.38 31965.52 33135.90
6.36
2015-16 1510.00 40384.56 41894.56
26.43
2016-17 2005.75 49991.61 51997.36
24.11
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(d): Yes Madam. In pursuance of the clarion call given by Hon'ble Prime Minister for use of Khadi items in Government departments. Air India has taken initiative in introducing Khadi for in-flight crew including air-hostess on VIP flights. The details of value of total demand orders placed by Indian Railways and Air India during last three years are as follows:

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(Rs. in crore)
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Sl.No. Demand orders 2014-15 2015-16 2016-17
1. Railways 55.40 76.27 67.49
2. Air India 0 0 7.97
Total 55.4
76.27
75.46
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(e): In order to modernize and promote khadi industries, KVIC is implementing the following schemes:

i) Prime Minister's Employment Generation Programme (PMEGP) is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country through KVIC, State Khadi & Village Industries Board (KVIB) and District Industries Centre (DIC). 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 SC/ST/Women/PH/Minorities/Ex-Servicemen/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas. The maximum cost of projects is Rs.25 lakh in the manufacturing sector and Rs.10 lakh in the service sector.

ii) Scheme of Fund for Regeneration of Traditional Industries (SFURTI) was launched in 2005-06 for making Traditional Industries more productive and competitive by organizing the Traditional Industries and artisans into clusters.

iii) Market Promotion Development Assistance (MPDA) – MDA scheme of KVIC has been modified as MPDA scheme formulated as a unified scheme by merging different schemes/ sub-schemes/components of different Heads implemented in the 11th Plan, namely, Market Development Assistance, Publicity, Marketing and Market Promotion. A new component of Infrastructure namely setting up of Marketing Complexes /Khadi Plazas has been added to expand the marketing net worth of Khadi & VI products. Under the erstwhile MDA scheme financial assistance was distributed amongst Producing Institutions (30%), Selling Institutions (45%) and Artisans (25%). Under the Modified MDA (MMDA) financial assistance is distributed amongst Producing Institutions (40%), Selling Institutions

(20%) and Artisans (40%).

iv) Interest Subsidy Eligibility Certificate (ISEC) Scheme provides credit at concessional rate of interest through Banks as per the requirement of the Khadi institutions. The institutions are required to pay interest of only 4%, any interest charged by banks over 4% will be paid by Central Government through KVIC.

v) Workshed Scheme for Khadi Artisans was introduced in 2008-09 to provide financial assistance for construction of workshed to khadi artisans belonging to BPL category through the khadi institutions with which the khadi artisans are associated. This empowers khadi spinners and weavers to chart out a sustainable path for growth, income generation and better work environment.

vi) Strengthening infrastructure of weak Khadi institutions and assistance for marketing infrastructure: This scheme provides need-based support towards the Khadi sector for nursing the sick/problematic institutions elevated from "D" to "C" category as well as those whose production, sales and employment have been declining while they have potential to attain normalcy and to support creation of marketing infrastructure in other identified outlets. Under this scheme, financial assistance is provided to existing weak Khadi institutions for strengthening of their infrastructure and for renovation of selected khadi sales outlets.

The other steps taken are as follows:

1. Exhibitions are also conducted at district/state/zone and national level for providing marketing support to the entrepreneurs/unit and KVI units are extended financial support up to Rs.1.25 lakh to participate in the international exhibitions.
2. To increase the registration of MSMEs in the country, the Government has undertaken measures that the PMEGP units can adopt the Udyog Aadhaar Memorandum (UAM) to register online for filing for industrial land application for credit, pollution clearance etc.
3. Online registration for Khadi certificate has been introduced.
4. Financial assistance is also being provided for the renovation/modernization of Sales Outlets of institutions as well as Departmental Sales Outlets (DSOs) and State KVIBs.
5. Tie up with M/s. Paytm has been made to make available Khadi products on-line and the same has been launched through Khadi Gramodyog Bhavan, New Delhi.
6. KVIC as a part of its aggressive marketing efforts introduced "Gift Voucher Scheme" for its patrons from Departmental Sales Outlets (DSOs) at Delhi, Kolkata, Mumbai, Goa, Patna, Ernakulam, Bhopal and Visakhapatnam Airport. The 'Gift Voucher Scheme' consists of attractive 'Gift Vouchers' in the denomination of Rs. 500/-, Rs. 1000/- and Rs. 5000/- respectively has been launched.