

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

STARRED QUESTION NO:207

ANSWERED ON:08.12.2014

PROMOTION OF KHADI UDYOG

Jardosh Smt. Darshana Vikram;Sreeramulu Shri B.

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

- (a) whether the Government has introduced Khadi Reforms and Development Programmes (KRDPs) to revive the Khadi and village industries;
- (b) if so, the details thereof along with its objectives;
- (c) whether the Government has set any targets under the programmes;
- (d) if so, the details thereof including the impact made by KRDP on development of Khadi and village industries; and
- (e) the steps taken by the Government to boost up export of Khadi products?

Answer

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

(a) to(e): A statement is placed on the table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION No. 207 FOR ANSWER ON 08.12.2014

(a): Yes, Madam.

(b): The Government has launched 'Khadi Reform and Development Programme (KRDP)' which aims to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment for spinners and weavers, increased artisans' welfare and to achieve synergy with village industries. Under KRDP, funds to the tune of US\$ 150 million from Asian Development Bank (ADB) are being provided to the Government of India to be released to Khadi and Village Industries Commission (KVIC) as 'grants-in-aid' under budgetary allocation through the Ministry of MSME as per the activities given below:

Sr. No.	Activity	Cost (US\$ in million)
1.	Khadi Sector Reforms (Khadi Mark, market linked pricing, 20 rationalized Support to khadi, organizational reform, IT and associated capacity building, raw material procurement and assessment)	20
2.	Marketing (Marketing organization (MO), 20 new sales outlets under MO, up-gradation of 4 sales outlets in each of 300 khadi institutions)	57
3.	Capacity Building and Equipment (Revitalizing Khadi Institutions - Production, equipment, capacity building etc., New khadi ventures, comprehensive capacity building of trainers and training institutions of KVIC and synergies with Village Industries)	61
4.	Contingency	12
	Total	150

(c): Yes, Madam.

(d): The following outcome has been envisaged under KRDP:

Increase in number of artisans employed by Khadi institutions (KIs) At least 15% over next three years
Increase in earnings of Khadi artisans At least 20% over next three years
Implementation of Khadi Reform Programme 3 years
Increase in Sales on annual compounded basis 10% over next 3 years
Decrease in raw material (Slivers) production cost 15% over next 3 years
New Khadi ventures to be initiated preferably under Producer Company/ Entrepreneurial model 50 nos.
Implementation of Comprehensive Reform Package in eligible KIs 300 nos.
IT and e-Governance systems strengthened Over next 3 years
Development of traditional village industries clusters viz. Handmade Paper, Honey, Herbal Health and Cosmetic Products, Leather and Leather products and Agro-Food products 5 nos.
Establishment of new sales outlets 20 Nos.

Under KRDP, 300 khadi institutions have been identified for reform assistance. 'Khadi Mark' has also been introduced under KRDP to guarantee the genuineness and purity of khadi sold in the market. Improvement in sale of Khadi & Village Industries (KVI) products is expected by introduction of 'Khadi Mark'. Other initiatives have also been taken up in the program in respect of direct reform activities i.e. procurement of charkhas and looms, audit of Khadi Institutions, MIS support, integrated software application etc.

Government in the Ministry of MSME has also launched KVI Programme in the Hill, Border & Left Wing Extremism (LWE) affected areas in respect of 100 institutions with financial assistance amounting to Rs.76 crores i.e. Rs.76 lakh/institution under KRDP, in which relaxation is given in criteria of selection of institutions and in minimum number of artisans associated with the institutions of Hill, Border & LWE affected areas.

(e): The Government, in order to boost export of khadi 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 khadi products. Besides, KVIC has also been focusing on quality participation in International Exhibitions and Buyer-Seller Meets abroad to tap new/emerging markets for khadi products.