

# REVIVAL OF KHADI AND VILLAGE INDUSTRIES

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incl. MSMEs and PSUs

Ministry of Micro, Small & Medium Enterprises

## Revival of Khadi and Village Industries

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The Ministry of Micro, Small and Medium Enterprises (MSME), through Khadi and Village Industries Commission (KVIC), has been implementing Khadi Reform and Development Programme (KRDP) scheme for revival and increase the production of Khadi, not only in Bihar, but throughout the country.

In order to revitalize and reform the activities of Khadi and Village Industries (KVI) Sector, in terms of employment generation, enhancement in earning of artisans and ensure positioning of Khadi in consonance with the current market trend, a comprehensive reform programme namely Khadi Reform and Development Programme (KRDP), approved by Government of India is being implemented with the assistance from Asian Development Bank (ADB).

Objectives: KRDP aims to revitalize the Khadi and Village Industries through Policy and Institutional Reforms. Specific objectives are:

- i. Repositioning Khadi and aligning it to market demand and trends.
- ii. Enhancing artisan welfare and empowerment.
- iii. Undertaking extensive capacity building of Khadi Institutions (KIs).
- iv. Strengthening institutional mechanisms.
- v. Implementation of MIS at Khadi Institution level and e-Governance at KVIC.
- vi. Strategic development of traditional village industries.

A total of 22 Khadi Institutions were given assistance under KRDP with a financial outlay of Rs.1484.93 lakhs for refurbishment of Khadi programme in the State of Bihar.

Ministry of MSME provides financial assistance in the form of grant and subsidy to KVIC for promotion and development of Khadi Programme. Ministry has approved Khadi Vikas Yojana for the development of Khadi programme during the year 2019-20, under which assistance is provided under following components:

- i. Modified Market Development Assistance (MMDA): KVIC provides Market Development Assistance to the registered Khadi Institutions and 40% of total MMDA to the Khadi artisans engaged in production activity.**
- ii. Interest Subsidy Eligibility Certificate (ISEC) Scheme: KVIC provides interest subsidy on the working capital loan availed by Khadi Institutions for undertaking**

production and sales activities under Khadi programme. Under the scheme interest @ 4% per annum is to be paid by the Khadi Institution and balance i.e. actual lending rate minus 4% is to be paid by the Government as interest subsidy.

- iii. **Workshed Scheme for Khadi Artisans:** Khadi artisans are provided worksheds for better work atmosphere and storing the materials, under which financial assistance up to Rs. 60000/- is provided per workshed.
- iv. For revival of sick Khadi Institutions, assistance upto Rs. 9.90 lakh is provided to weak and problematic Khadi Institutions to bring them back to normalcy. For the renovation and modernization of sales outlets run by KVIC, Khadi Institutions and KVIBs financial assistance are being provided under '**Assistance for Marketing Infrastructure**' scheme.
- v. **Rozgar Yukt Gaon (RYG):** a new component under Khadi Vikas Yojana has been introduced with objective of introducing enterprise led model replacing subsidy-led model and create an additional 12,500 direct employment opportunities in 50 villages, which are deprived of opportunities and sustainable livelihood support systems, in addition to spinning out secondary and ancillary opportunities of employment in a wider sense. This will generate nearly 18,265 employment opportunities in which 12,500 will be direct and 5,765 will be indirect and building a potential capacity of annual production turnover of value added products to a tune of Rs.261.00 crores. In Bihar State, the target of 2 villages have been allotted under RYG scheme for overall holistic development under khadi programme.

It has been decided to set up Centre of Excellence for Khadi (CoEK) in association with National Institute of Fashion Technology (NIFT), New Delhi, with Hub at New Delhi and Spokes at Shillong, Bengaluru, Kolkata & Gandhinagar. The main objective of CoEK will be to provide design input to Khadi sector to attract niche market in domestic and international.

To ensure genuineness of Khadi, "Khadi Mark" regulation has been notified by Government of India.

As of now, 2326 number of Khadi Institutions are working under Khadi Programme, out of which 85 KIs are working in Bihar State.

This information was given by Shri Nitin Gadkari, Union Minister for Micro, Small and Medium Enterprises in written reply to a question in Lok Sabha today.

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