

- (5) For supporting implementation of Khadi programme, Government of India extends Market Development Assistance (MDA) to Khadi Institutions (KIs). Under the modified Market Promotion and Development Assistance (MPDA) scheme, financial assistance is provided to institutions @ 30% of Prime Cost of khadi and polyvastra, to be distributed amongst Artisans (40%), Producing Institutions (40%) and Selling Institutions (20%) through online transfer to KIs and 271796 artisans. KVIC has started disbursement of financial assistance to KIs as well as Artisans under DBT mode where the portion of MPDA is directly credited in their bank accounts.
- (6) KVIC also provides interest subvention for the bank finance for meeting capital requirement, under the Interest Subsidy Eligibility Certificate (ISEC) Scheme, availed by KIs. The subsidy under the scheme is also remitted directly to the cash credit account of KIs online.
- (7) Khadi certification has been made online and simple to enable new companies to start Khadi venture.
- (8) KVIC has started e-commerce platform and franchisee system for online marketing of Khadi products and extending the marketing network.
- (c) Does not arise.

#### **Review and assessment of functioning of KVIC**

2515. DR. VINAY P. SAHASRABUDDHE: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether some years back a thorough review and assessment of functioning of Khadi and Village Industries Commission (KVIC) was undertaken by Government;
- (b) if so, when was it done and what were actions taken after such review and if not, whether Government would consider undertaking such review;
- (c) how many training institutions are being run by KVIC all over-India presently and how many of these institutions are making losses and to what extent; and
- (d) whether Government has thought of any measures to help these institutions become self supporting, if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI GIRIRAJ SINGH): (a) and (b) Yes, Sir. Ministry of MSME constituted an Expert Committee under the Chairmanship of Mr. D.M. Sukthankar, former Chief

Secretary, Government of Maharashtra in 2005 to review the existing structure, functioning and performance of Khadi and Village Industries Commission (KVIC) to study the regulatory framework and to recommend any other measures considered necessary to revamp the KVIC.

The Committee in its report submitted in March, 2005 made various recommendations. The key recommendations of the Committee were:—

- (i) Need for identification of select traditional and sunrise industries as focus areas; a cluster-based approach to revival of traditional industries;
- (ii) Recognized technological up-gradation and modernization as a priority area for transforming the sector; suggested mobilization of existing technical and scientific Institutions, such as, ITIs, Engineering Colleges, IITs, CSIR as resource/contact Institutions for rural industrialization and creation of venture capital fund within KVI;
- (iii) Recommended brand building, standardization and quality control for products of Khadi and Village Industries (KVI) Sector;
- (iv) Addressed the organizational and training issues preventing the growth of the KVI sector and suggested setting up of Zonal Committees and Zonal offices under a Deputy CEO, and restructuring of training programme aimed towards entrepreneurial development;
- (v) Commented on issues related to Khadi Institutions, namely, dues on account of Rebate, stock pile-up and state of implements. Suggested alternatives to Rebate:
  - direct subsidization of spinners
  - encouraging entrepreneurship among spinners/weavers through formation of Self Help Groups
- (vi) Governance related recommendations.

Based on the recommendations of the Expert Committee, the following changes were brought in the KVI Sector:—

- (i) Introduced Scheme of Fund for Regeneration of Traditional Industries (SFURTI) to organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability and economy of scale.

- (ii) KVIC took up several projects under an interface with reputed Technological Institutions *viz.* IITs and NITs for developing new technologies and their subsequent dissemination among institutions and entrepreneurs of KVI Sector.
- (iii) KVIC have introduced 'Khadi Mark' to assure provision of genuine Khadi to the customers.
- (iv) Zonal Committees have been constituted for each of six geographical zones to monitor timely implementation of KVI programmes/schemes for the development of Khadi and Village Industries in the zone.
- (v) The Ministry of MSME has revised the negative list and brought in a large number of new industries/projects like spinning and weaving, solar charkhas, hand loom/power looms under the ambit of Prime Minister's Employment Generation Programme-PMEGP.
- (vi) Government has introduced w.e.f. 01.04.2010, a flexible, growth stimulating and artisan oriented Market Development Assistance (MDA) Scheme, in place of the erstwhile system of Rebate. Under MDA, financial assistance is provided to 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. This scheme has been modified as Market Promotion Development Assistance (MPDA) formulated as a unified scheme by merging 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 modified MPDA scheme, financial assistance is provided to institutions @ 30% of Prime Cost of khadi and polyvastra, to be distributed amongst Artisans (40%), Producing Institutions (40%) and Selling Institutions (20%).
- (vii) An online application system has been made operational for disbursement of Market Development Assistance (MDA) and Interest Subsidy under ISEC scheme to Khadi Institutions (KIs) and Artisans.
- (viii) Under PMEGP, online disbursement of Margin Money subsidy through single National level nodal bank has been developed.

(c) 38 Departmental and Non Departmental Training Centres are run by KVIC all over the country. KVIC is imparting entrepreneurship and skill development training programme for the youth to make them employable/self-employed through its Departmental and Non-departmental training centers. Since, KVIC training programmes are meant for rural youth for setting up of micro enterprises, the training centres are not run on a profit centre concept.

(d) Under the schemes of Assistance to Training Institute (ATI) for renovations of infrastructure and 'A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship' (ASPIRE) it is proposed to modernize the Training Center with new infrastructure for Development of Training Institutes and make them self-sustainable.

#### **Financial assistance for setting up MSMEs**

2516. SHRI PARIMAL NATHWANI: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether Government has received various proposals of financial assistance from the State Governments for setting up of Micro, Small and Medium Enterprises (MSMEs) including Jharkhand and Gujarat during each of the last three years and the current year;

(b) if so, the details and the status thereof, State/UT-wise;

(c) whether Government has launched any special programme to promote MSMEs in the country; and

(d) if so, the details thereof along with the funds allocated/released for the said purpose during each of the last three years and the current year, State/UT-wise?

THE MINISTER OF STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI GIRIRAJ SINGH): (a) to (d) Development and promotion of micro, small and medium enterprises (MSMEs) is primarily the responsibility of State Governments. However, the Government of India through Ministry of MSME strives to supplement the efforts of State Government to develop MSME sector and in the process generate additional employment opportunities in the country. Most significantly, Government has been implementing a major credit-linked subsidy programme named Prime Minister's Employment Generation Programme (PMEGP) for generating employment through setting up micro enterprises in non-farm sector by providing financial assistance to traditional artisans and unemployed youth.