CHAPTER 1
INTRODUCTION OF ECONOMIC
ACTIVITIES OF KVIC/B

1.1 Introduction

During the Freedom Struggle, the development of Khadi and Village Industries was an instrument to meet the twin objective of self-reliance through local production and seeking active participation of the poor in the struggle for Independence through removal of hunger and unemployment. Their potential as an instrument of poverty alleviation was also recognized by our early planners. Accordingly, the Khadi and Village Industries Commission (KVIC) was created by an Act of Parliament to plan, promote and organize their systematic development and expansion.

Before Independence, the development of Khadi and Village Industries was entirely a non-governmental effort under the guidance of Mahatma Gandhi. After independence, the Government of India took the responsibility of bringing the development of Khadi and Village Industries within the overall framework of the Five Year Plans. Therefore, the Government of India set up Khadi and Village Industries Commission (KVIC), which is a statutory organization by an Act of Parliament. The Khadi and Village Industries programme plays a predominant role in providing employment opportunities to rural artisans more specifically the socio-economic weaker strata of the society. Since agriculture sector has been losing its ability to generate additional employment opportunities for the fast increasing workforce in rural areas, the importance of Khadi and Village Industries Commission (KVIC) has increased to find an alternative and appropriate employment for rural people. The implementation of Khadi and Village Industries Programme in our country is a joint effort of the Khadi and Village Industries Commission.

When the Government of India decided to constitute a National Level Organization in the name of Khadi and Village Industries
Commission (KVIC). It emphasized the need for similar organizations in States also, to work in collaboration with the Central Organization. Subsequently, the State Khadi and Village Industries Boards were constituted in all States and Union Territories. At present, there are 30 State KVIBs functioning all over India. These Boards are mostly assisting the implementing 13 agencies involved in the village industries programme.

1.2 Implementing Agencies:
Khadi and Village Industries (KVI) programmes are implemented through 33 States/Union Territories (UTs) Khadi and Village Industries Boards (KVIBs), 5,000 registered institutions, 30,000 cooperative societies and banks/financial institutions. The Khadi programme is implemented through institutions registered either with KVIC or State/UT KVIBs. In the case of village industries, the Commission implements the Rural Employment Generation Programme (REGP).

1.3 The Khadi Movement
The khadi movement started as part of the national movement. In 1921 the Congress working committee undertook the work of promoting khadi, starting with a capital of Rs. 3 lacs. Khadi as a symbol of freedom had caught the imagination of the people and the result was that by 1923 the investment in Khadi rose to Rs. 23 lacs. Several Pradesh committees established their own Boards. In 1923, the Congress set up and All-India khadi board under whose guidance the Pradesh Board functioned. Accordingly in September 1925 The All-India Congress Committee organized and independent body known as the All-India Spinner Association, popularly called Charkha Sangh.

Charkha Sangh
The work of Charkha Sangh can be divided into three phases:

First phase
In the first ten years, 1925-35, the activity of the Sangh centered round the propagation, production and sale of Khadi. The primary object was to make employment available to as large a number of
persons in the village as possible. The value of Khadi produced increased from about Rs. 19 lacs in 1924-25 to more than Rs. 32 lacs 1935.

**Second phase**

In 1935, the Charkha Sangh accepted the principle of a fair wage for spinners and should get at least an anna for spinning for an hour. The Charkha Sangh set a good example when it increased the wages of spinners even when labor was cheap. In September 1939, World War II broke out. The shortest of cloth in the century gave a fillip to the Khadi Industry. Its production increased from about Rs. 24 lacs work in 1936 to more than Rs. 134 lacs in 1944-45, and wages distributed to the spinners, weavers and other artisans rose about Rs. 17 lacs to about Rs. 75 lacs. While the prices of mill-made cloth increased, khadi was sold at fixed prices, so that at a certain stage it sold cheaper than mill-made cloth.

**Third phase**

In 1945 the concept of khadi work underwent a radical change. It was felt in advisable to leave the work to organizations that easily exposed themselves to Governmental repression. After the achievement of independent in 1947, the sangh formulated a five year plan for the development of Khadi the plan envisaged the following objectives to be achieved with in the five year period-

1. There would be 75 lacs spinners in the country. If they worked 8 hours a day, they would produce 150 crores sq. yard of khadi.
2. Khadi work would have spread to 1 lacs villages.
3. As many as 45,000 schools would have introduced instruction in hand spinning.
4. Nearly 7,000 Khadi workers would be engaged in village work.
5. Khadi production would be increased to the value of Rs. 25 crores.

The total cost of the plan was expected to be about Rs. 40 crores. During this periods, the value of khadi produced increased from about Rs. 71 lacs in 1945-46 to more than Rs. 127 lacs in 1950-51, and the
wages distributed to the spinners, weavers and others artisans from Rs. 52 lacs to Rs. 72 lacs.

1.4 Khadi:

The livery of freedom – Mahatma Gandhi Khadi, (pronounced Khādī) refers to handspun and hand-woven cloth. The raw materials may be cotton, silk, or wool, which are spun into threads on a Charkha (A traditional spinning implement). Khadi was launched in 1920 as a political weapon in the Swadeshi movement of Mahatma Gandhi. Khadi is sourced from different parts of India, depending upon its raw materials - While the silk variety is sourced from West Bengal, Bihar, Orissa and North Eastern states, the cotton variety comes from Andhra Pradesh, Uttar Pradesh, Bihar and West Bengal. Khadi poly is spun in Gujarat and Rajasthan while Haryana, Himachal Pradesh and Jammu and Kashmir are known for the woolen variety.

1.4.1 Development of Khadi:

Khadi or cloth made from yarn woven and spun by hand has been one of Indian’s most important village industries from immemorial. The decay of the industry began during British rule, partly because of deliberate policy of repression. The economics and cultural consequence of this decline were disastrous. For the year 1954-55 the Board has a program of khadi production worth Rs. 5 crore. A new feature of the year’s program is the beginning made with the blanket industry and the production of khadi in centre organized directly under the Board. Schemes are well under way for the financing of production centres on easy terms and ensuring the supply of raw material at fair prices. The program of increased production of khadi will bring about a new awareness of wastage productive capacity among the people. Beside its beneficent economic effects, it will introduce an element of activity into the life of the idle village and develop self-reliance and confidence among the villagers.

1.4.2 Village Industry:-

Any Industry that is located within a rural area, where the Fixed Capital Investment per Artisan (weaver) does not
exceed Rupees One Lakh. The Fixed Capital Investment can be changed by the Central Government of India whenever it so requires.

1.4.3 Relevance of Khadi and Village Industries:

The common characteristic found in both - Khadi and Village Industries is that they are labor intensive in nature. In the wake of industrialization, and the mechanization of almost all processes, Khadi and Village industries are suited like no other to a labor surplus country like India. Another advantage of Khadi and Village Industries is that they require little or no capital to set up, thereby making them an economically viable option for the rural poor. This is an important point with reference to India in view of its stark income, regional and rural/urban inequalities.

1.5 Khadi and Village Industries Commission:

The Khadi and Village Industries Commission (KVIC) is a statutory body formed by the Government of India, under the Act of Parliament, ‘Khadi and Village Industries Commission Act of 1956’. It is an apex organization under Ministry of Micro, Small and Medium Enterprises (Govt. of India), with regard to khadi and village industries within India, which seeks to - "plan, promote, facilitate, organise and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary." In April 1957, it took over the work of former All India Khadi and Village Industries Board. Its head office is based in Mumbai, with its six zonal offices in Delhi, Bhopal, Bangalore, Kolkata, Mumbai and Guwahati. Other than its zonal offices, it has offices in 29 states for the implementation of its various programme.

The program of the commission relates to the developments of, firstly, traditional khadi and, secondly, khadi from Ambar charkha yarn. The activities of the commissions so far as traditional khadi concerned fall under to major heads namely, grants and loans. Schemes in titled to grants include schemes relating to (i) production and sales, (ii) development, and (iii) training.
The production and sales scheme includes items like (i) rebate on retail sales of khadi; (ii) subsidy on weaving on self-sufficiency schemes; (iii) subsidy on increased production and sales; (iv) honorarium to workers engaged in sales of khadi; (v) aid to imperialism; (vi) opening of new sales depots.

The development schemes include (i) rebate on sales of implements; (ii) honorarium for promotion of hand spinning; (iii) grants for establishing godowns in the intensive area blocks; (iv) thekhadihundi scheme; (v) spinning classes in jail; (vi) grants for rehabilitation of viewers; (vii) awards at spinning competitions; (viii) artistic khadi; (ix) provision of peripatetic parties; (x) organizations of exhibitions.

1.5.2 Objectives of the Commission:

The Commission has three main objectives which guide its functioning. These are – The Social Objective - Providing employment in rural areas, The Economic Objective - Providing salable articles, and The Wider Objective - Creating self-reliance amongst people and building up a strong rural community spirit. The commission seeks to achieve these objectives by implementing and monitoring various schemes and programs.

The all round development which the commissions has been able to achieve in the khadi industry has made it necessary to provide training to a large number of workers. The training activities of the commission started with the opening of the Khadi Gramodyog Vidyalaya at Nasik. The commissions also conducts refresher courses for different categories of personnel, salesmanship courses and the courses for the training of workers. So far as loans are concerned, these are granted to (i) recognized institutions for production and sale of khadi; (ii) for construction of godowns; (iii) for trading operations conducted by the Commission.

1.5.3 Administrative Structure of KVIC:

There are eleven standing committees, which assist the Commission in the formulation of policies and problems relating to
different aspects of implementation. In other words, the commission is assisted by the major following standing committees:

1) Certification Committee
2) Standing Finance Committee
3) Cotton Purchase Advisory Committee
4) Training Committee
5) Standardization of Khadi and Saranjam Committee
6) Khadi Experiments Grants Committee
7) Government Supplies Committee
8) Cooperative Advisory Committee

The Certification Committee is an autonomous body, consisting of veteran Khadi workers with wide experience of Khadi work and of
Khadi institutions. It is in charge of issuing certificates to institutions, cooperative societies and others in accordance with the rules of certification of Khadi. It is the special responsibility of the committee to work out standard cost; price schedules and rates of wages to spinners, weavers and others. The committee carries out periodic audit of accounts and inspection of activities of institutions and co-operative societies to ensure that they, in fact, conform to the prescribed rules.

For this purpose, the Certification Committee has several senior and junior auditors. They audit the financial records of the Institutions, Boards and the Cooperative Societies spread all over the country. If the activities or policies of these agencies do not conform to the spirit of the certification rules, certificate of these agencies are to be cancelled.

The Certification Committee plays dual role of protecting the interest of artisans by ensuring minimum wages for them as well as safeguarding the interest of the consumer by strictly enforcing the 'cost-charts' for various types of Khadi. But this is only for Khadi industry. The Standing Finance Committee is in charge of the scrutiny of applications of institutions, Boards and Societies for financial assistance. It comprises all the members of the Commission, the Financial Adviser, the CEO and the Chief Accounts Officer. The certified institutions are required to specify, in their application for assistance, details of the loans and grants received by them during the previous year, amount of loans repaid and outstanding under each item at the time of application, production and sales of Khadi and village industries and their proposals for the year for which funds are required by them. Members of the Standing Finance Committee bring to bear on their decisions the knowledge and experience of the working of certified institutions, acquired through their close and personal relations with the top organizers and managers of most of the important institutions. For proper disbursement of funds and quick action, the Standing Finance Committee organizes state wise budgetary session in every financial year.
In this budgetary session, the representatives of the institutions of the states are the main participants and they survey the progress of their institutions and the assistance required for further development of Khadi and village industries. After a long discussion, on the recommendation of the State offices of the KVIC, the proposals are sent to the Standing Finance Committee for final approval. The Committee takes immediate action and after a formal check-up they sanction money to the respective institutions through the State Office of the KVIC. This is the procedure for releasing funds to the institutions. However, it has been reported that Standing Finance Committee sometimes fails to accord sanction and to order actual timely disbursement of funds. These facts demand effective action for removal of the causes of the delay.

The Cotton Purchase Advisory Committee consists of the Director (Cotton), the members in charge, Khadi and cotton experts associated with well-known cotton associations to advise the Commission regarding the markets at which different varieties of cotton are to be purchased and also regarding the transport, stocking and distribution of cotton seeds. The Committee meets once a month to consider the questions that arise from time to time regarding stocking and disposal of cotton. Likewise, the Saranjam Standardization, Khadi Experiments, Grants, Government Supplies and Training and Cooperative Advisory Committees are also in existence and they are part and parcel of the management. The Saranjam Standardization; Khadi Experiments and Grants Committees are responsible for technical examination of different suggestions for improvements of implements in use, in hand spinning and hand weaving; given by individuals or by institutions. The Committee also prescribes standard specifications for the manufacture of different parts of Ambar Charkha.

The Committee has been taking active steps to stimulate and support individual and local initiative in suggesting and affecting technical improvements. The Government Supplies Committee is fully responsible for the supply of Khadi and other village industry products
to the Government. The Commission offers to supply Khadi mostly for the uniforms of the staff of different departments of the Government. The Government Supplies Committee is also responsible for ensuring the manufacture of cloth according to specifications at appropriate prices. The Training and Cooperative Advisory Committees advise the Commission on training program; prepare the syllabi for different courses of training and assist the Commission in recruiting the staff for different Vidyalayas and offer. Suggestions to the Commission regarding the formation of Khadi and other co-operative societies.

The state office of the KVIC consists of the Director, Deputy Director, Assistant Director, and the respective Khadi and village industries Development Officers. These Development Officers are responsible for implementation of the policies and decisions of the Commission. In fact, all the Development Officers of the state Office are directly associated with their respective Directors at the central level. However, the Director of the state office of the KVIC is fully responsible for their day-to-day work. The Director of the State office of the KVIC is the most important representative of the KVIC in the state. He/She is generally an experienced employee of the KVIC with extensive knowledge of the Khadi programme. It is his/her job to ensure that the Khadi programme in the state is run smoothly and without much problem. Liaisoning with the Khadi institutions in the state is an important part of his job. He/She coordinates the activities of the different Khadi and village industry institutions and keeps close contact with the state KVIB.

The Director and senior officers of the development staff are in charge of field supervision in their respective industries. There is an independent 'statistical cell' in the state office of KVIC, which is responsible for collection, and compilation of statistical information from registered institutions, cooperative societies and the KVIB. The state office of the KVIC is an apex organization in the state. It is a part and parcel of the central KVIC, which itself was constituted under
Section 4 of the KVIC Act No. LXI of 1956. The duties of state Board are as follows:-

1. To encourage the establishment of cooperative societies and registered institutions where the services of the state office of the KVIC have not reached.

2. To run training centers and to train people at such centers or at other centers outside the state with a view to equip them with the necessary knowledge for starting or carrying on Khadi or village industries.

3. To arrange for the supply of raw materials, tools and implements and for the finished products of such industries.

4. To arrange for publicity of and popularizing finished products of such industries by opening stores, shops, emporia or exhibitions.

5. To seek and obtain the advice and guidance of experts in such industries from the state office of the KVIC, and from the central Government.

So far as the coordination between State office of the KVIC and the State is concerned, once the area is selected by the KVIB, the KVIC keeps itself away from it. In fact, without the prior consent and no-objection certificate of the Board, the State office of the KVIC does not take-up new areas of operation. There is a clear-cut understanding between these two organizations so that duplication, if any, may be kept out of the way. However in the field it is observed that, although the two organizations have their separate functions and fields of operation, there still appears (in the matter of supervision and training program) to be some duplication, which can be avoided after suitable coordination and adjustment.

The Societies Registration Act, 1860, provides for facilities to form institutions for carrying on social and economic activities especially with view to creating gainful employment for poor artisans through Khadi and village industrial activities organized on no profit no loss basis. However, this Act does not permit formation of institutions to undertake commercial activities. In actual implementation, these
institutions assist the KVIC which, in some ways, carry on commercial activities. It is not clear how these conflicting interests are reconciled. It appears that the KVI operate largely on non-commercial principles in accordance with Gandhian philosophy. Each institution has its own operational area which is demarcated by the Certification Committee of KVIC.

1.6 Development of the KVIC:

The broad functions of the registered institutions engaged in the
1. Extension of Khadi activity in the rural and remote areas
2. Popularizing the village industries work among the poor artisans
3. To give financial and technical guidance to the individual artisans
4. To supply the raw materials and marketing of the products of the artisans
5. To supply the tools and equipment for the registered artisans of the area.
6. To select the artisans for training at the centres or outside them.

Besides this, the registered institutions have to perform some social functions within the area so that they may integrate and support the commission's activities.

1.6.1 These social functions are as follows: -

1. To impart basic education or NaïTalim
2. To establish nature cure centre
3. To help the disabled leprosy patients and other helpless persons by providing them with work in the Ashram and to give them financial assistance from the welfare fund.
4. To educate the local people to boycott mill goods.
5. To educate the local people for economic equality and dignity of labour.
6. To maintain or assist in the maintenance of village sanitation.
7. To arrange for cow protection and breeding bulls.
8. To work saranjam
9. To work for removal of untouchability
10. To work for Gandhian Gram Swarajya
Thus, the registered institutions perform broad socioeconomic functions for the welfare of artisans, non-artisans and the people of the area concerned. However, among the economic activities, the most important functions of the institutions are to supply the raw materials and marketing of the finished good within their jurisdiction. Social functions are largely on paper.

1.7 Khadi Village Industries Board:

Maharashtra State Khadi and Village Industries Board was established in 1962 under Section 19 of the Bombay Khadi and Village Industries Act, 1960. As per provisions under the Act, minimum 5 and maximum 7 members are appointed on the Board by the Government. Government appoints one member as chairman and another member as Vice-Chairman, from amongst the members appointed by the Government. Government also Chief Executive Officer of the Board as Member Secretary of the Board.

1.7.1 Main Functions of the Board:

The State Government has established Maharashtra State Khadi and Village Industries Board, under the Bombay Khadi and Village Industries Act, 1960, to encourage, organize, develop and regulate the development Khadi and Village Industries programme in the state. The Board undertakes following functions for achieving these objects:-

(1) To provide financial assistance and technical guidance for Khadi and Village Industries under the purview of the Board.

(2) To make arrangements for providing raw materials to the Co-operative Societies/ Institutions/ Individual artisans and entrepreneurs and for sale of their finished products, to assist in organization of Co-operative Societies of artisans to solve the problems faced by them.

(3) To ensure proper assistance to the artisans by bringing about coordination among various government and semi-government bodies connected with the day-to-day working of these institutions.
(4) To provide training to the traditional artisans in the use of modern total and equipments to increase their production capacity and earnings.

(5) To provide necessary training facilities for Institutions/ Societies/ engaged industries involving technical know, how and to provide training to educated youth in management of these Institutions/Societies.

(6) To undertake research and developmental work in the field of Khadi and Village Industries.

(7) To propagate the usefulness of village industries through various publicity media such as exhibition, seminars, radio and television.

(8) To encourage development of new village industries in rural areas and ensure their growth so as to halt the influx of rural entrepreneurs to urban area.

(9) To provide employment opportunities to maximum persons at minimum economic investment and ensure environmental balance.

1.7.2 Various Village Industries under the Fold Of The Board and Different Types Of Loan:

The Central Government established ‘Khadi and Village Industries Commission’ in 1956 to remove employment to some extent in the rural parts of country, the commission implements the programme of development of Khadi and Village Industries at the National level. Separate ‘Khadi and Village Industries Board’ have been established, under the provisions of the Khadi and Village Industries Commission Act, in each State to implement the programme of development of Khadi and Village Industries at the state level.

1.7.2.1 Major Industries under Purview of The Board:

There is a large scope for major industries like Leather, Carpentry and Black smithy, Pottery, Fibre, Cane and Bamboo, Fruit Processing, Processing of Cereals and Pulses, Handmade Paper Industry, Village Oil and Katha Industry, in the State. Besides, Electronic, Stone Crushing and some service industries based on
modern technology have a large scope for development in the State and more employment opportunities are there.

1.7.2.3 Main Schemes Of The Board:

(1) Margin Money Scheme- Khadi and Village Industries Commission has started Margin Money Scheme through local financial institutions, on the lines of Consortium Bank Credit Scheme and the Board has been entrusted the implementation of this Scheme along with other agencies.

1. The beneficiary has to submit his project to the Bank through Board’s District Office.
2. The Project Reports received for financial assistance are sent by Board’s district offices with their recommendation to the local banks.
3. The beneficiary has to invest 5 to 10 of the Project cost from his own funds and the balance 90 to 95% of the project cost is paid by the local bank as loan.
4. Interest on the loan will be charged by the bank at the rates fixed by the bank and the beneficiary will have to repay the loan within the time-limit and in installments as determined by the bank.
5. After paying the sanctioned loan (90 to 95%) to the beneficiary, the local bank its demand of the beneficiary for release of margin money at 25 to 30% of the Project cost to Board/Khadi and Village Industries Commission. After receipt of margin money amount from Board Khadi Commission by bank, it deposited for the two years in the name of the beneficiary.

After the repayment of the loan by the beneficiary, the margin money amount is concerted into grant and adjusted against the last installment of loan payable by the loanee.

(2) Artisans Employment Guarantee Scheme- This Scheme is being implemented in the State since 1972-73. It is being implemented with the joint co-operation if Reserve Bank of India, Maharashtra and Khadi and Village Industries Commission.

‘C ’class municipal areas in state are included in the jurisdiction of the scheme. Artisans in traditional industries, generally found in the
rural areas. Such as Pottery, Carpentry and Black smithy, Leather, Fibre, Cane and Bamboo, Processing of Cereals, Pulses, Wool, Village Oil were included in this Scheme. However, with the passage of the time and taking into consideration the employment situation, traditional artisans of some other village industries also have been included in the Scheme.

The members of the Balutedar Societies are provided necessary financial assistance in the form of composite loan and cash credit through District Central Co-operative Banks under the NABARD Refinance Scheme, through the medium of the Society.

(3) Special Component Plan- Under Section”11-A” of Government’s 20 points programme Schedule Caste and Neo Buddhists artisans are given financial assistance and grant to bring them above the poverty-line, under this scheme for various V.I.50% or Rs.10,000 whichever is less.

(4) Village Industrial Estate- The object of the Board in Setting up village industrial estate in the rural areas of the State is to make available infrastructure facilities to the entrepreneurs/artisans to develop the village industries in the State on the basis of cluster approach so that there would be increase in the employment and self employment.

The MIDC, in accordance with the Government Resolution dated 24th April 2002 has reserved plots in for Gramodyog Vasahats in the following District:-
1. Darvha in Yavatmal District,
2. Khanpur in Akola District,
4. Sinnerin in Nashik District.
5. Khamgaon in Bukdhana,
The MIDC has prepared plants of the Vasahat as to be developed on the available plots and made them available to the Board. At these places the activity of developing Village Industries is in process.
(5) **Marketing Programme** - The Board has undertaken Marketing Programme to provide market for the products of the institutions/co-operative societies and individuals, assisted and registered by the Board, to make the economically prosperous and also to increase employment. Under this Programme, the Government has made reservation of certain village industrial products in the name of the Board for supply to government and semi-government bodies.

(6) **Collection of Utilization Certificate** - Utilization Certificates in respect of the loans disbursed by the Board to the institutions/co-operative societies and individuals, out of the Khadi Commission funds, are collected every year after is the visits.

(7) **Loan Recovery** - Special efforts are made to recover the loan within the stipulated time limit from the Institutions/Co-operative Societies/Individuals artisans who have been given financial assistance under C.B.C./Margin Money and Artisans Employment Guarantee Scheme, being implemented by the Board. At times, recovery drives also are undertaken to recover maximum loan.

1.8 **Schemes and Programs of the Commission:**

1.8.1 **Prime Ministers Employment Generation Program (PMEGP)**

The Prime Minister’s Employment Generation Programme (PMEGP) is the result of the merger of two schemes - Prime Minister’s Rojgar Yojana (PMRY) and The Rural Employment Generation Programme (REGP).

Under the scheme, the beneficiary is required to invest his/her own contribution of 10 per cent of the project cost. In case of Schedule Castes/Schedule Tribes and beneficiaries from other weaker sections, the beneficiary’s contribution is 5 per cent of the project cost. The remaining 90 and 95% as of the project cost, as the case may be, is granted by banks specified under the scheme. The Beneficiaries under the scheme are refunded a certain amount of the loan (25% for General, 35% for weaker sections in rural areas) which is credited after two years from the date that the loan was extended.
1.8.2 Interest Subsidy Eligibility Certification Scheme (ISEC)

The Interest Subsidy Eligibility Certificate (ISEC) Scheme is the major source of funding for the Khadi programme. It was introduced in May 1977 to mobilize funds from banking institutions to fill the gap in the actual fund requirement and its availability from budgetary sources. Under this scheme, loans are provided by the banks to the members to meet their working/fixed capital requirements. These loans are provided at a concessional interest rate of 4% p.a. The difference between the actual interest rate and the concessional rate is borne by the commission under the ‘grants’ head of its budget. However, only members producing Khadi or Polyvastra (a type of Khadi) are eligible for this scheme.

1.8.3 Rebate Scheme:

The rebate on sales of Khadi and Khadi products is made available by the Government so as to make the price of Khadi and Khadi products competitive with other textiles. Normal rebate (10 per cent) all through the year and an additional special rebate (10 per cent) for 108 days in a year, is given to the customers. The rebate is allowed only on the sales made by the institutions/centers run by the Commission/State Boards and also at the sales centers run by the registered institutions which are engaged in the production of Khadi and polyvastra.

Recently, the finance ministry has asked the micro, small and medium enterprises ministry to redraw its rebate scheme for Khadi and village industries. Its view is that the “ministry should approach the plan commission and not seek year-to-year extension of the scheme. Furthermore, it has asked the MSME ministry to redesign the scheme in a manner that it should benefit the artisan and not the seller, which (has been) the case so far” With regard to this, A proposal received from the Commission for introducing Market Development Assistance as a possible alternative to Rebate on Sale is being considered by the Government.
1.8.4 Rural Industries Service Centres (RISC) Scheme

KVIC has also taken up another small intervention called “Rural Industries Service Centers (RISC)” Scheme from 2004-05 onwards to provide infrastructural support and services to selected units to upgrade their production capacity, skills and market promotion. RISC, inter alia, provides testing facilities by establishing laboratory to ensure quality of products, improved machinery/equipment to be utilized as common utility facilities by nearby units/artisans to enhance production capacity or value addition of the products, attractive and appropriate packaging facilities and machinery to the local units/artisans for better marketing of their products, training facilities to upgrade artisans’ skills in order to increase their earnings and new design or new product and diversified product in consultation with experts/agencies for value addition of rural manufacturing units. The scheme is implemented through KVIC/KVIBs, National level/State level Khadi and VI Federations, Khadi and VI Institutions affiliated with KVIC and KVIBs and NGOs which have already worked in the implementation of programmes relating to rural industries. Under this scheme, financial assistance for establishing projects upto Rs. 5 lakh is provided to KVI units. Each RISC programme up to Rs. 5 lakh should provide benefit to 25 individuals.

1.8.5 Khadi Karigar Janashree Bima Yojana

In order to provide insurance cover to khadi artisans, a scheme of group insurance in the name of Khadi Karigar Janashree Bima Yojana (JBY) was launched on 15 August 2003. This scheme was formulated by KVIC in association with the Life Insurance Corporation of India (LIC) with annual premium of Rs. 200/- per beneficiary. KVIC has been able to persuade the LIC to reduce the premium to Rs. 100/- with effect from the policy year 2005-06. The premium is shared as - Rs. 50/- by the Central Government Social Security Fund, Rs. 25/- by Khadi Institution and Rs. 12.50/- each by khadi artisan and KVIC. The compensation payable under this scheme,
has also been increased by 50 per cent, i.e. Rs. 30,000/- in case of natural death, Rs. 75,000/- in case of accidental death, Rs. 75,000/- in case of full permanent disability due to accident, and Rs.37,500/- in case of part permanent disability due to accident. An 'add-on' benefit without any extra premium, up to two school-going children of insured artisans studying in class nine to twelve are also eligible to get a scholarship of Rs. 100/- each per month.

1.9 Budgetary Support to the Commission:

The Union Government through the Ministry of Micro, Small and Medium Enterprises, provides funds to the Commission under two heads: Plan and Non–Plan. The funds provided under the 'Plan' Head are allocated by the commission to its implementing agencies. The funds provided under the 'Non–Plan' head are mainly for the Commission’s administrative expenditure. Funds are provided mainly by a way of Grants and Loans.

1.10 Constitution and Functions of the Board in Maharashtra:

(A) Constitution of the Board:

Maharashtra State Khadi and Village Industries Board was established in 1962 under Section 19 of the Bombay Khadi and Village Industries Act, 1960. As per provisions under the Act, minimum 5 and maximum 7 members are appointed on the Board by the Government. Government appoints one member as chairman and another member as Vice-Chairman, from amongst the members appointed by the Government. Government also Chief Executive Officer of the Board as Member Secretary of the Board.

(B) Main Functions of the Board:

The State Government has established Maharashtra State Khadi and Village Industries Board, under the Bombay Khadi and Village Industries Act 1960, to encourage, organize, develop and regulate the development Khadi and Village Industries programme in the state. The Board undertakes above maintained functions for achieving these objects:-
1.11 Grouping of Industries:

While the khadi programme comprises hand spun and hand woven cotton, woolen, muslin and silk varieties, the village industry programmes have been classified into seven broad groups. These are:

- Mineral Based Industry;
- Forest Based Industry;
- Agro Based and Food Processing Industry;
- Polymer and Chemical Based Industry;
- Rural Engineering and Bio Technology Industry;
- Hand Made Paper & Fibre Industry; and
- Service Industry

1.12 Summary:

In accordance with the Government’s new policy, the Planning Commission has given high priority to village industries in its development scheme. The All-India Khadi and Village Industries Board was set up in 1953 under the chairmanship of Shri Vaikynth Lal Mehta.

The Board has been entrusted with the task of developing khadi and the following village industries: (1) village oil, (2) paddy husking by hand, (3) palm gur, (4) gur and khandasari (5) leather, (6) woolen blankets, (7) hand-made paper, (8) bee-keeping, (9) cottage match industry and (10) soup making with neem oil. The work of the Board will include the training and organization of workers. The government has at present placed funds at the disposal of the Board for loans, subsidies and other expenditures incurred by it. It is also proposed to set up separate funds for the development of khadi and other village industries.
References:


4. Bose Pradip Kumar, 1995: Research Methodology, New Delhi,

5. Directorate of PMEGP, Khadi and Village Industries Commission, Govt. of India, Mumbai, 2008


7. www.village_industries.asp

8. www.statewisekvibperformace.org


10. www.solapur.com