

KHADI SCHEMES

INTEREST SUBSIDY ELIGIBILITY CERTIFICATION SCHEME (ISEC)

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The Interest Subsidy Eligibility Certificate (ISEC) Scheme is the major source of funding for the Khadi programme. It was introduced in May 1977 to mobilise funds from banking institutions to fill the gap in the actual fund requirement and its availability from budgetary sources.

Under this scheme, loans [12] 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.[13] 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.