

KHADI SCHEMES

KHADI REFORM AND DEVELOPMENT PROGRAMME [KRDP]

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1. Need of KRDP

The distinctive feature of khadi is its capability to provide earning opportunity to rural artisans in their household at minimal investment. The supports extended through various schemes, so far introduced, were considering only the promotion of certain specific institutional activity that could partially realise the growth potential of Khadi sector. The Khadi Reform and Development Programme cover all requisite areas of the sector for instance institutional infrastructure development, raw material supply, training and development and marketing.

2. Objective of KRDP

- to ensure better product for artisans.
 - to position khadi in tune with the current market requirements and develop khadi as a global brand.
- The KRDP also provides support for development of five identified traditional village industries such as handmade paper, honey, herbal health and cosmetics, leather and agro food processing industry.

3. Major components of reform support

3.1 Reforms at Khadi Institution Level

- Direct reform assistance to 300 existing khadi institutions (KIs) to the extent of Rs. 1.20 Crores each.
- Modernization of 1200 outlets of Khadi institutions,
- Nearly 1.50 lakhs artisans will be employed through introduction of new implements (charkha, loom and fabric processing equipments)
- The khadi institutions will be supported to switch over to working in SHG mode and nominating representative of SHGs to the extent of 50% in the managing committees.
- 50 new khadi institutions will be assisted and those are to be organized and managed either on Entrepreneurship Model or on Producer Company Model.
- 15% increase in number of artisans employed by Khadi institutions (KIs).
- 20% increase in the earnings of Khadi artisans
- 10 % annual increase in Sales
- 15% decrease in raw material (Slivers) production cost

3.2 Marketing Organization

A marketing organization will be set up with majority private partnership to bring the modern concept of marketing in the sector. Twenty khadi plazas will be set up in the metro, min-metro and capital cities in the country.

3.3 Khadi Mark Development

KVIC will develop Khadi Mark for positioning khadi as a guaranteed hand spun and hand woven cloth ensuring specified quality norms of the fabrics.

3.4 Raw material procurement and Production

KVIC will introduce Public Private Partnership (PPP) in Central Spinning Plants to provide quality sliver/roving at reduced price.

3.5 Training and development of artisans

KVIC will conduct training programme for skill development of artisans. Training programme for artisans will also be organised to enable them to participate in the management of khadi institutions.

3.6 Market-linked pricing and introduction of Benefit Chart

Khadi institutions shall formulate pricing strategies (benefit chart) as determined by the market forces based on specific input provided by KVIC. This will help institutions not only to provide better earning for artisans but also for karyakartas without any financial burden to the institution.

3.7 Production Incentives / Extended MDA

The scope of present MDA scheme will be further extended to benefit the artisans and karyakartas. The extended MDA will also provide liberty to the institution to offer discount both at retail as well as whole sale rate and outsource professional marketing services.

3.8 Village Industry Clusters

Five traditional village industries viz. Handmade Paper, Honey, Herb; Health and Cosmetic Products, Leather and Leather Products and Agri Food products will be developed under cluster mode.

4. Benefits of KRDP

4.1 For Artisans

In addition to the existing benefits such as AWFT, JBY, share in MDA and workshop etc. all artisans engaged in Khadi activities will receive following benefits:

- Introduction of Benefit Chart will offer scope for significant increase in artisans' earnings.
- Implementation of extended MDA will provide additional incentives to all artisans and further special incentive to spinners,
- Payment of wages to artisans through Bank / Post Office account will encourage artisans to plan savings for future betterment.
- Introduction of professional marketing strategies by Marketing Organisation will further enhance earning opportunity of artisans.
- Development of new product through regular skill up-gradation programme shall assure increased earning.

- Timely replacement of implements will ensure KVIC specified base earning in long run.
- Participation of artisans in the governing body of the institution shall enable better understanding of khadi activities among the artisans and karyakartas to accelerate growth of the institution.
- Artisans can set up khadi institutions under Producer Company Model to ensure social entrepreneurship among artisans.
- Global recognition of hand spinning and hand weaving through Khadi Mark.

4.2 For Institutions

4.2.1 Direct benefit to KIs:

The reform package provides comprehensive direct reform support to 300 Khadi Institutions engaged in the production and marketing of khadi and its products. Though KVIC made ADB convinced to support all Khadi Institutions, the number was restricted to a manageable 300 KIs in the first instance to start with. The details of support are:

- Maximum assistance of Rs.71.00 lakhs for total revamping of productive infrastructure such as charkhas, looms and establishment of Common Facilities Centres (from pre-weaving to fabric conversion).
- Maximum assistance of Rs. 48.00 lakhs for modernisation of sales infrastructure including store layout, inventory management and local publicity.
- Total computerisation of the Khadi Institutions developing an integrated MIS for khadi sector. It will enable the Secretary / Chairman of the Khadi institution to get all information about production, sale, expenditure and earning etc. at a glance.
- Managerial support for engaging Reform Implementing Officer and IT Officer to assist institution in managing its activities effectively and achieve desired results.
- Arrangement for training of all office bearers, staffs, artisans in relevant areas to equip them in attending their work more efficiently.
- Maximum assistance also of Rs. 14.00 lakhs as Margin Money for working capital to enable mobilisation of bank finance under ISEC scheme of KVIC.

4.2.2 For all KIs

Issuance of Khadi Mark, first of its kind in khadi sector, to all Khadi Producing Institutions towards distinct identification of genuine khadi and restrict unauthorised use of the word 'Khadi'.

Access to new market segments as well as updated marketing data through professionally managed Marketing Organisation (MO).

The MO will help the KIs to produce market oriented products and thereby averting pile up of stocks. Support of MO will be available to KIs for product design inputs and product catalogue preparation etc.

- Opening of 20 state-of-the-art New Sales Outlets by MO will open avenues for all KIs to boost the overall sale.
- Supply of un-interrupted quality raw material at reduced price through introduction of PPP in existing CSPs.
- Adoption the Benefit Chart by institutions and pricing their khadi products as determined by the

market forces will help them to earn surplus and utilise the surplus for the development of the institutional activities.

- The institutions can utilise a portion of extended MDA, as envisaged in KRDP, to further promote the khadi activities.