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A Khadi and Village Industries Commission: Role, Challenges and Opportunity Ahead

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Abstract

The paper discusses the role of KVIC in the strengthening of rural economy by promoting and developing Khadi and Village Industries. The Khadi and Village Industries programme plays a predominant role in providing employment opportunities to rural artisans more specifically to the weaker strata of the society. The present paper discusses the role of institutional agencies like Khadi and Village Industries in the promotion of microenterprises. The secondary data was collected to accomplish the objective of the study. The secondary data required was collected from the previous published reports of KVIC. The data was analyzed using appropriate statistical tools. The descriptive statistics like averages, percentages were computed to analyze various issues and compound annual growth rate have been used to calculate various changes.

Keywords: Khadi and Village Industries, Khadi and Village Industries commission, Employment, Microenterprises

Introduction

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. This organization came up in 1956 and plays a pivotal role in the strengthening of rural economy by promoting and developing Khadi and Village Industries. The Khadi and Village Industries programme plays a predominant role in providing employment opportunities to rural artisans more specifically to the 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 provide alternative and appropriate employment for rural people. The KVIC has been identified as one of the major organizations in decentralized sector for generating and sustaining rural non-farm employment opportunities at low per capita investment. KVIC also helps in checking migration of rural population to urban areas in search of employment and undertakes activities like skill improvement, transfer of technology, research & development, marketing, etc. The present paper discusses the role of institutional agencies like Khadi and Village Industries in the promotion of microenterprises.

Methodology

The secondary data was collected to accomplish the objective of the study. The secondary data required was collected from the previous published reports of KVIC.

The data was analyzed using appropriate statistical tools. The descriptive statistics like averages, percentages were computed to analyze various issues and compound annual growth rate have been used to calculate various changes.

Analysis of Data

Budgetary support and physical performance of KVIC

The budget support being provided by Government of India every year is the main source of finance for KVIC to implement its promotional and developmental programmes. In order to facilitate formulation of the plan every year, KVIC conducts discussions with its implementing agencies to fix the financial and physical targets for each of them considering various factors like availability of infrastructure, past performance and potentiality of various KVI programmes. Besides the budgetary support, KVIC also generates resources every year in the form of credit from the Consortium Banks (since 1995-96), refund of unutilized grants and loans from its subsidiary state units and institutions. The KVIC then reallocates these funds to its implementing agencies ,namely, the State KVIBs, institutions registered under the Societies Registration Act, 1860 and cooperative societies registered under the Cooperative Acts of the State Governments; implementing banks, District Industries Centers, etc.

Table 10.1 provides the details of funds allocated and released from budgetary sources during thelast fifteen years. The perusal of the table reveals that funds allocated to KVIC increased from Rs. 448 crores in triennium ending 2002-03 to Rs. 1837.88 crores in the triennium ending 2014-15 with the annual percentage growth of 12.48%. Regarding actual amount of funds released during the same period, they increased from Rs. 341.65 crores to Rs. 1451.33 crores with the annual percentage growth of 12.81%.

Table 1.1: Budgetary support to KVIC (Rs. Crores); 1999-00 to 2014-15

Triennium ending	Allocations	Funds released
2002-03	448.36	341.65
2005-06	573.68	558.50
2008-09	875.18	812.40
2011-12	1499.55	1365.22
2014-15	1837.88	1451.33
CAGR between 2000-01 to 2014-15 (% per annum)	12.48	12.81

Source: MSME annual reports; various issues

The performance of KVI sector in respect of production, sales and employment during 1996-97 to 2013-14 is shown in Table 10.2. With respect to changes in production, the table reveals that the production of khadi increased from Rs. 675.17 crores in the triennium ending 1999-00 to Rs. 817.66 crores in the triennium ending 2013-14 with an annual percentage change of 1.61%. Likewise, for the similar duration, the production of village industries during the period has increased from Rs. 5136.66 crores to 23083.23 crores with the compound annual growth rate of 14.31%. In so far as sales are concerned, the table shows that khadi sales increased from Rs. 905.78 crores in triennium ending 1999-00 to Rs. 1090.99 crores in triennium ending 2013-14 regarding an annual growth rate of 3.79%. The sales of village industries during the same period increased from Rs. 4661.70 crores to Rs. 29618 crores registering an annual growth rate of 13.66%. The amount of employment generated in Khadi Industries decreased from 13.40 lakhs in triennium ending 1999-00 to 10.92 lakhs in triennium ending 2013-14 with the negative growth rate of 1.70% per annum. Likewise, the employment generated during the same period by the village industries has increased from 44.60 crores to 118.88 crores with annual growth rate of 8.51%.

Table 1.2: Production, sales and employment generated by Khadi and village industry: 1996-97 to 2013-14

Triennium ending	Production (Rs. Crores)		Sale (Rs. Crores)		Employment (In Lakhs)	
	Khadi	Village industry	Khadi	Village industry	Khadi	Village industry
1999-00	675.17	5136.66	905.78	4661.70	13.40	44.60
2002-03	558.68	8461.25	430.44	7252.84	8.87	57.04
2005-06	196.65	3666.67	461.11	10534.23	8.64	68.27

2008-09	540.05	15265.28	729.06	20551.96	9.17	88.20
2011-12	672.99	19280.64	917.38	24653.17	10.14	103.67
2013-14	737.66	23083.23	1090.99	29618.94	10.92	118.88
CAGR between 1999-00 and 2012-13	1.61	14.13	3.79	13.66	-1.70	8.51

Source:KVIC annual reports; various issues

Major schemes being implemented by KVIC

Khadi and village industries are always considered as an important tool for creation of employment at the artisans' doorstep with a very low capital investment. The assistances provided through various schemes of KVIC are enabling the Khadi and village industries in providing employment opportunities to traditional artisans living in rural areas. Around 80% of the khadi artisans are women and every third khadi artisan belongs to socially backward communities. Thus, KVIC programmes have been playing a pivotal role in the socio economic empowerment of rural India. The major schemes that are being launched by KVIC are as below:

Prime minister's employment generation programme (PMEGP):

Prime minister's employment generation programme (PMEGP) was launched by merging the two credit linked employment generation schemes namely, Prime minister's rozgar yojana (PMRY) and Rural employment generation programme (REGP) in 2008-09.The PMEGP is a credit linked subsidy programme for generation of employment opportunities through establishments of microenterprises in both rural as well as urban areas of the country.

Information regarding the number of project assisted and margin money provided under PMEGP across different major states during the year 2008-09 to 2013-14 has been presented in table 1.7. A glance at the table reveals that number of projects assisted has increased in almost all the states except in three states Kerala, West Bengal and Maharashtra where it decreased varying from 6.27% in Kerala to 0.23 % in Maharashtra. In two states, Jharkhand and Madhya Pradesh, the number of project assisted has recorded a significant increase of 49.92% and 43.29%, respectively. In the state of Himachal Pradesh and Delhi, the number of project assisted has recorded the growth in the range of 28 to 30%. For the remaining states, the growth of number of projects assisted varies in the range of 6.14% in Andhra Pradesh to 19.18% in Rajasthan. In so far as the percent per annum increase in margin money provided to the beneficiaries is concerned, the positive growth rate has been recorded in all the states except Kerala and West Bengal where margin money provided to the beneficiaries respectively decreased at the rate of 8.46% and 1.24% per annum. Further, another six states viz. Uttarakhand, Jharkhand, Bihar, Gujarat, Madhya Pradesh and Delhi recorded a significant per annum increase in margin money provided which varied from around 33% to around 44%. The states of Himachal Pradesh, Jammu and Kashmir, Karnataka and Rajasthan also recorded the significant growth which varied from 17.82% to 29.95% per annum. The remaining states registered the per annum percentage increase varying from 3.52% in Andhra Pradesh to 13.02% in Chhattisgarh.

The data on the state wise number of projects assisted and mean margin money provided to the women beneficiaries for the years 2010-11 to 2013-14 has been presented in table 1.9. In so far as number of projects assisted is concerned, the number has increased in number of states varying from as low as 0.17% in Karnataka to as high as 27.02% in Jharkhand. In the remaining states the number of projects assisted has decreased and among states the extent of decrease varied from -31.91% in Delhi to -2.13% in Uttar Pradesh.

Table 1.7: State wise number of projects assisted and margin money provided under PMEGP: 2008-09 to 2013-14

State	Triennium ending	Number of projects assisted	CAGR (% /annum)	Mean margin money subsidy (Rs. in lakhs)	CAGR (%/annum)
Andhra Pradesh	2010-11	2141	6.14	6276.29	3.58
	2013-14	1764		4756.98	
Bihar	2010-11	2729	10.88	2843.99	43.44
	2013-14	3719		8422.67	
Chhattisgarh	2010-11	875	18.4	2181.44	13.02
	2013-14	1375		2977.67	
Delhi	2010-11	78	28.62	54.8	43.99
	2013-14	166		163.65	

Goa	2010-11	76	6.96	155.26	4.47
	2013-14	93		174.56	
Gujarat	2010-11	1148	16.82	2224.66	34.46
	2013-14	1281		4520.6	
Haryana	2010-11	650	14.44	1461.71	3.96
	2013-14	883		1438.89	
Himachal Pradesh	2010-11	587	29.59	782.37	29.59
	2013-14	946		1341.96	
Jammu & Kashmir	2010-11	1530	16.34	1881.08	21.71
	2013-14	1935		2272.94	
Jharkhand	2010-11	799	49.91	1389.01	37.34
	2013-14	2427		3373.09	
Karnataka	2010-11	1533	9.78	3072.42	17.82
	2013-14	1960		4918.67	
Kerala	2010-11	1841	-6.27	3245.83	-8.46
	2013-14	1689		2531.92	
Madhya Pradesh	2010-11	1145	43.29	3158.05	43.72
	2013-14	2535		6646.44	
Maharashtra	2010-11	3273	-0.23	4668.56	5.31
	2013-14	2487		4903.95	
Orissa	2010-11	2071	9.53	3771.06	8.86
	2013-14	2739		4290.57	
Punjab	2010-11	736	10.96	1604.28	8.24
	2013-14	870		1769.63	
Rajasthan	2010-11	1298	19.18	2759.7	18.25
	2013-14	1993		3796.97	
Tamilnadu	2010-11	2197	7.51	4176.55	10.77
	2013-14	2580		5558.64	
Uttar Pradesh	2010-11	3769	8.41	4453.53	8.45
	2013-14	4817		5034.97	
Uttrakhand	2010-11	725	17.79	854.37	32.96
	2013-14	1185		1396.07	
West Bengal	2010-11	5590	-3.07	6806.35	-1.24
	2013-14	5237		5759.25	

Source: KVIC annual reports; various issues

Table 1.9: State wise CAGR for number of projects assisted and mean margin subsidy for women beneficiary under PMEGP: Major states (2010-11 to 2013-14)

State	Years	Number of projects assisted	CAGR (%per annum)	Mean margin money subsidy (Rs. in lakhs)	CAGR (%/annum)
Andhra Pradesh	2010-11 & 2011-12	990	-14.88	3739.19	-18.61
	2012-13 & 2013-14	717		2476.74	
Bihar	2010-11 & 2011-12	539	8.59	1076.13	20.01
	2012-13 & 2013-14	635		1549.98	
Chhattisgarh	2010-11 & 2011-12	367	0.72	1290.59	-14.95
	2012-13 & 2013-14	372		933.6	
Delhi	2010-11 & 2011-12	55	-31.91%	24.33	42.1
	2012-13 & 2013-14	26		49.13	
Goa	2010-11 & 2011-12	52	-27.59	99.65	-31.15
	2012-13 & 2013-14	27		47.24	
Gujarat	2010-11 & 2011-12	471	-14	2180.02	-2.31
	2012-13 & 2013-14	348		2080.54	

Haryana	2010-11 & 2011-12	129	13.83	295.46	0.52
	2012-13 & 2013-14	167		298.52	
Himachal Pradesh	2010-11 & 2011-12	184	25.06	323.55	29.21
	2012-13 & 2013-14	287		540.13	
Jammu & Kashmir	2010-11 & 2011-12	457	-9.9	601.68	45.8
	2012-13 & 2013-14	371		1279.09	
Jharkhand	2010-11 & 2011-12	225	27.02	293.38	40.37
	2012-13 & 2013-14	363		578.11	
Karnataka	2010-11 & 2011-12	448	0.17	805.42	33.43
	2012-13 & 2013-14	450		1433.85	
Kerala	2010-11 & 2011-12	529	14.25	781.98	11.02
	2012-13 & 2013-14	691		963.76	
Madhya Pradesh	2010-11 & 2011-12	544	14.08	2093.9	18.54
	2012-13 & 2013-14	708		2942.13	
Maharashtra	2010-11 & 2011-12	945	-7.54	1619.53	8.68
	2012-13 & 2013-14	808		1912.77	
Orissa	2010-11 & 2011-12	555	12.84	1288.61	7.98
	2012-13 & 2013-14	706		1502.39	
Punjab	2010-11 & 2011-12	242	-10.72	797.49	-6.75
	2012-13 & 2013-14	193		693.44	
Rajasthan	2010-11 & 2011-12	457	-7.16	1233.09	10.85
	2012-13 & 2013-14	394		1515.08	
Tamilnadu	2010-11 & 2011-12	885	-6	1867.29	-6.56
	2012-13 & 2013-14	782		1630.2	
Uttar Pradesh	2010-11 & 2011-12	1255	-2.13	5268.47	-10.92
	2012-13 & 2013-14	1202		4181.1	
Uttrakhand	2010-11 & 2011-12	261	-5.32	288.8	18.47
	2012-13 & 2013-14	234		405.34	
West Bengal	2010-11 & 2011-12	1600	-16.73	1808	-14.69
	2012-13 & 2013-14	1109		1315.83	

Source:Source: KVIC Annual reports; various issues

The percentage of margin money subsidy provided to women beneficiaries of different social groups for the same period has increased in eleven states ranging from a low of 0.52% in Haryana to as high as45.58% in Jammu & Kashmir. Among remaining states, the percentage of margin money provided to the women has registered a sharp decline of -31.15% in Goa to -2.31% in Gujarat.

Workshed scheme for khadi artisans:

'Workshed Scheme for Khadi Artisans' was introduced in 2008-09 in order to facilitate and empower khadi spinners and weavers to chart out a sustainable path for growth, income generation and better work environment to enable them to carry out their spinning and weaving work effectively . Under this Scheme, financial assistance for construction of worksheds is provided to khadi artisans belonging to BPL category through the khadi institutions with which the khadi artisans are associated. Table 1.10 presents the amount of assistance provided under this scheme. The table shows that in case of individual workshed where the area of operation is approximately 20 square meters the amount of assistance will be Rs. 60,000 or 75% of the cost of the workshed, whichever is less. In case of group worksheds (for a group of minimum 5 and maximum 15 khadi artisans) where the area is approximately 15 square meters per beneficiary, the amount of assistance is Rs. 40,000 per beneficiary of the group or 75% of the total cost of the cost, whichever is less.

Table 1.10: Amount of assistance under workshed scheme for khadi artisans

Type of workshed	Area per unit	Amount of assistance
Individual Workshed	**20 Square meters (approximately)**	**Rs.60,000/- or 75% of the cost of the workshed, whichever is less.**
Group Worksheds (for a group of minimum 5 and maximum 15 khadi artisans)	**15 Square meters per beneficiary (approximately)**	**Rs. 40,000/- per beneficiary of the group or 75% of the total cost of the project, whichever is less.**

Source: Annual report-2014-15, Ministry of Micro, Small & Medium Enterprises, Govt. of India

Under this scheme, assistance to 1950 artisans has been provided during 2013-14 while the target of assistance for 2014-15 was 4444.

Strengthening infrastructure of existing weak khadi institutions and assistance for marketing infrastructure

The scheme of Strengthening infrastructure of existing weak khadi institutions and assistance for marketing infrastructure has been launched in year 2009-10. The scheme has been formulated to provide need based support towards the Khadi sector for nursing the sick/problematic institutions. Table 1.11 shows the quantum and nature of financial assistance provided for strengthening of infrastructure of existing weak khadi institutions. As may be seen from the table, the maximum amount of assistance provided for strengthening of weak khadi institutions under this scheme is Rs 9.90 lakhs out of which Rs. 6.15 is working capital followed by Rs.3.50 lakhs for capital expenditure and Rs. 0.25 lakhs for preliminary and pre-operative expenditure.

Table 1.11: Financial assistance for strengthening infrastructure of existing khadi institutions

Expenditure component	Total cost (Rs. Lakhs)
Preliminary and pre-operative expenditure	0.25
Capital expenditure	3.50
Working fund	6.15
Total	9.90

Source: Annual report-2014-15, KVIC, Ministry of Micro, Small & Medium Enterprises, Govt. of India

The quantum and structure of financial assistance for renovation of sales outlets has been presented in table 1.12. The perusal of the table shows that for renovation of sales outlets, the ceiling of financial assistance is Rs. 25 lakhs for departmental sales outlets of KVIC, Rs. 21.25 lakhs for departmental sales outlets of state KVIBs,Rs. 18.75 lakhs for institutional outlets located in metro cities and Rs. 15 lakhs for institutional outlets located in non-metro cities.

Table 1.12: Structure and quantum of financial assistance for renovation of sales outlet

Component	Funding pattern		Govt. grant	Institution's contribution	Total
	Govt. grant	Institution's contribution			
Departmental sales outlets of KVIC	100%	Nil	25.00	0.00	25.00
Departmental sales outlets of KVIBs	85%	15%	21.25	3.75	25.00
Institutional sales outlets(Metro Cities)	75%	25%	18.75	6.75	25.00
Institutional outlets(Non-metro cities)	75%	25%	15.00	5.00	20.00

Source: Annual report-2014-15, KVIC, Ministry of Micro, Small & Medium Enterprises, Govt. of India

Under this scheme, financial assistance has been provided to 58 existing weak Khadi institutions for strengthening of their infrastructure and for renovation of selected 30 khadi sales outlets, which includes 4 KVIC, 6 KVIB and 20 KIs outlets.

Interest subsidy eligibility certificate scheme (ISEC)

The Interest subsidy eligibility certificate scheme (ISEC) scheme was introduced in 1stMay 1977 to mobilize funds from banking institutions for filling the gap between the actual fund requirements and availability of funds from budgetary sources. The scheme is an important mechanism of funding khadi programme undertaken by khadi institutions. Under the ISEC Scheme, credit at a concessional rate of interest of 4 % per annum for working capital is made available as per the requirement of the institutions. The Institutions registered with the KVIC/ State Khadi and Village Industries Boards (KVIBs) can avail of financing under the ISEC Scheme. Initially, the entire KVI sector was covered under the Scheme. However, with the introduction of REGP for village industries (VI) in 1995 and PMEGP in 2008, the Scheme now supports only the khadi and the polyvastra sector. Table 1.13 depicts the extent of credit flow to the institutions under the scheme between triennium ending 2007-08 to triennium ending 2013-14. As may be seen from the table, the credit flow increased from Rs. 325.03 crores in the triennium ending 2007-08 to Rs.327.65 crores in the triennium ending 2013-14 with a nominal increase of 1.2% per annum. Regarding subsidy provided under ISEC during the period, it increased from Rs. 25.67 crores to Rs. 33.10 recording an annual growth rate of 7.2%.

Table 1.13: Credit flow and subsidy provided by KVIC under ISEC

Year	**Credit flow to Khadi and polyvastra institutions (Rs. Crore)**	**Subsidy provided by KVIC (Rs. Crore)**
2007-08	325.32	25.67
2010-11	328.05	29.42
2013-14	327.65	32.75
CAGR(% /annum)	1.2%	7.2%

Source: KVIC annual reports; various issues

Table 1.14 depicts the zone wise ISECs issued and amount of bank finance availed during 2013-14. As may be seen from the table, the total ISECs worth Rs. 829.36 were issued and total of Rs. 340.67 crore bank finance was availed across the country in 2013-14.The highest amount of bank finance availed, worth Rs. 124.41 crore, was in central zone followed by south zone with Rs. 84.08 crore. Similarly, the highest ISECs issued, worth Rs. 267.59 crore, were in central zone followed by south zone with Rs. 162.44 crores.

Table 1.14: Zone wise ISECs issued and bank finance availed, 2013-14 (Rs. Crore)

Zone	**ISECs issued**	**Bank finance availed**
North	204.28	76.52
Central	267.59	124.41
North East	3.56	0
East	121.83	29.36
West	69.66	26.30
South	162.44	84.08
Total	829.36	340.67

Source: Annual report-2014-15, KVIC, Ministry of Micro, Small & Medium Enterprises, Govt. of India

Market development assistance (MDA)

The "Market Development assistance scheme (MDA)" for khadi and polyvastra was launched on 1stApril, 2010 in place of rebate scheme to rectify the various deficiencies in the already existing scheme. For promoting sale of khadi and polyvastra before launching of MDA scheme, Government of India through the Khadi and Village Industries Commission (KVIC) used to provide subsidy in the form of rebate on sale, which used to be passed on to the consumers. However, it was observed that artisans, who are the backbone of Khadi activities, were not extended any benefit from this and khadi outlets also were not able to attract buyers due to inadequate quality design and unattractive look of the outlets and inadequate marketing support, etc. The MDA scheme by decontrolling and de-linking the sales price from the cost chart is offering scope to the institutions to add value to Khadi, so that the products can be sold at market determined price. The scheme of MDA on production aims at uniform distribution of sales throughout the year unlike erstwhile rebate scheme where most of the sale took place during the special rebate season of 108 days.

The main feature of this scheme is that financial assistance (i.e., MDA) will be provided @ 20% of value of production of Khadi and polyvastra (cotton khadi, silk khadi, woolen khadi and Polyvastra). It is mandatory on the part of the Khadi Institutions to pass on 25% of MDA to artisans/weavers as bonus/incentive, in addition to wages in their post office/bank accounts. The remaining 75% can be utilized by the producing and selling institutions for various marketing and production related activities as per norms. The MDA would be claimed by the institutions quarterly based on their production in the preceding quarter. An amount of Rs. 177.29 crore has been disbursed by KVIC towards MDA (Khadi) in 2013-14 while in 2014-15 (upto December 2014), Rs. 76.99 crore have been disbursed.

Khadi karigarjana shree bima yojana:

Khadi karigarjana shree bima yojana (JBY) was launched by KVIC on 15th August 2003 in collaboration with Life Insurance Corporation (LIC) of India to provide group insurance for khadi artisans. The KVIC under this scheme in association with LIC gives annual premium of Rs. 200/- per beneficiary. Table 1.15 shows the various benefits that artisans can avail under JBY scheme.

Table 1.15: Benefits under JBY scheme

Death (Accidental)	Rs. 75000
Death (Natural)	Rs. 30000
Disability (Permanent)	Rs. 75000
Disability (Partial)	Rs. 37500
Education benefits (Shiksha Sahayog Yojana)	The two children of khadi artisan those who are studying IX Std. to XII Std. includin g ITI are eligible for scholarship of Rs. 300/ - per quarter.

Source: Annual report -2014-15, KVIC, Ministry of Micro, Small & Medium Enterprises, Govt. of India

The zone wise analysis of Khadi artisans under JBY during 2013-14 has been tabulated in table 1.16. The table shows that the total number of artisans covered under JBY in India during 2013-14 was 284056. The highest number of artisans covered under JBY was in central zone (136994) followed by North zone with 57108 artisans covered and South zone with 41488 artisans.

Table 1.16: Zone wise number of artisans covered under JBY during 2013-14

Zone	Number of artisans covered
North	57108
Central	136994
North East	4258
East	33026
West	11182
South	41488
Total	284056

Source: Annual report-2014-15, KVIC, Ministry of Micro, Small & Medium Enterprises, Govt. of India

Scheme of fund for regeneration of traditional industries (SFURTI)

Scheme of fund for regeneration of traditional industries (SFURTI) has been implemented by the government since 2005 through KVIC and coir board in cluster based khadi, village and coir industries. Under this scheme, rural industries clusters were promoted through replacements of charkhas, looms, tools and machineries as well as interventions such as setting up of CFCs, design development, market promotion, capacity building and services of technical agencies, clusters development executives, skill development executives & exposure visits, artisan welfare measures, formation of self help groups(SHGs) etc.

Under this scheme, 101 clusters (29 Khadi, 47 Village Industries and 25 Coir clusters) have been assisted during 11th Five Year Plan. SFURTI scheme has been revamped in 12th Five Year Plan and it is proposed to develop 800 clusters during 12th Plan. 71 clusters with an outlay of Rs. 149.44 crore have been taken up for development in the Ist phase. Table 1.17 shows the types of clusters with their number and approximate coverage for the first phase. As may be seen from the table that under the scheme there are around three types of clusters involving number of artisans between 500-2500.

Table 1.17: Type and number of clusters under SFURTI for first phase

Types of clusters	Number of clusters under the scheme	Approx. artisan coverage
Heritage clusters (1000-2500 artisans)	2	5000
Major clusters (500-1000 artisans)	10	10000
Mini clusters (upto 500 artisans)	59	29500
Total	71	44500

Source: Annual report-2014-15, KVIC, Ministry of Micro, Small & Medium Enterprises, Govt. of India

Discussion and conclusion

KVIC is playing a significant role in development of microenterprises by creating self-reliance amongst the poor and building up a strong rural community spirit with social objective of providing employment. The KVIC is charged with the planning, promotion, organization and implementation of programs for the development of Khadi and other village Industries in the rural areas. To promote the sales and marketing of khadi and/or products of village industries or handicrafts, the KVIC has forged linkages with established marketing agencies wherever feasible and necessary. KVIC has registered number of institution across the country to regulate rural business and trades in Khadi and Village Industries. These Institutions are facilitated with capital expenditure for land, building, equipments and working capital for their successful execution. Local weavers and spinners and other technicians are registered under these institutions (called artisans) and are working on wages basis to produce khadi products. All institutions and artisans are benefited with several schemes and grants by KVIC to promote Khadi and Village Industries. The implementation of the above schemes has helped the promotion of microenterprises and employment generation as is evident from the significant higher growth rates in terms of amount of margin money, amount of margin money utilized, number of projects assisted and employment generated. For example, in terms of budgetary support the funds released to KVIC has registered the annual compound growth of 12.81% during 2002-03 to 2014-15. Similarly, between 1999-00 and 2013-14, the employment generated through village industries has recorded the growth rate of 8.5% per annum. In addition to this, the growth rates of margin money provided under PMEGP has also recorded a significant growth across states between the triennium ending 2010-11 and triennium ending 2013-14 except two states of Kerala and West Bengal. Likewise, the percentage share of SC beneficiaries in margin money provided was comparatively higher in many states and recorded a significant increase in the states of Himachal Pradesh, Jammu & Kashmir, Bihar, Andhra Pradesh, Haryana, Tamilnadu, Maharashtra and Orissa. Similarly, the percentage share of STs between the triennium ending 2010-11 and triennium ending 2013-14 in margin money provided has increased in almost all the states except Uttrakhand, Maharashtra, Kerala and Goa. Coming to OBC beneficiaries, the share in margin money provided for the similar duration has also increased in almost all the states except Delhi, Goa and Gujarat. Regarding ISEC although the credit flow has registered a very small annual percentage growth of 1.2%, subsidy provided under the scheme has registered the growth rate of 7.2% per annum between triennium ending 2007-08 and 2013-14.

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