

**GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:4948
ANSWERED ON:27.04.2005
SETTING UP OF LABOUR INTENSIVE INDUSTRIES
Adhalrao Patil Shri Shivaji

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a) whether the Government proposes to set up labour intensive industries in rural areas and small towns to generate additional employment;
- (b) if so, the details thereof;
- (c) whether the areas to set up such industries have been identified; and
- (d) if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a): Yes, Sir.

(b)&(c): The Government has been implementing the Rural Employment Generation Programme (REGP), a credit-linked subsidy programme, through the Khadi and Village Industries Commission (KVIC), throughout the country, to assist eligible applicants in setting up labour-intensive industries in the rural areas and small towns with population upto 20,000 and thus generate additional employment. Under this programme, entrepreneurs can establish village industries, by availing of margin money assistance from the KVIC and loans from any public sector scheduled commercial banks, for projects with a maximum cost of Rs. 25 lakh. The permissible margin money assistance is as detailed in the table below:

Margin Money Assistance under REGP

Sl.No.	Category of beneficiary	Project Cost	Margin Money Assistance
--------	-------------------------	--------------	-------------------------

1	General	Upto Rs. 10 lakh	25 per cent of project cost
---	---------	------------------	-----------------------------

		Above Rs. 10 lakh	Rs. 25 lakh plus 10 per cent of and upto Rs. 25 lakh balance project cost.
--	--	-------------------	---

2	SC/ST/OBC/Women/PC/Ex-servicemen/NE Region/ Hill Areas	Upto Rs. 10 lakh	30 per cent of project cost
		Above Rs. 10 lakh	Rs. 3 lakh plus 10 per cent of and upto Rs. 25 lakh balance project cost.

Note: SC/ST = Scheduled Caste/Scheduled Tribe;
OBC = Other Backward Classes;
PC = Physically Challenged;
NE = North Eastern

Besides, the Government has also been implementing the Prime Minister's Rozgar Yojana (PMRY), in both rural and urban areas

(approximately fifty per cent of the units established are estimated to be in rural areas), for providing self-employment opportunities to educated unemployed youth. This too is a credit-linked subsidy scheme and is implemented through the District Industries Centres of the States and Union Territories, with the loans being provided by banks. Under the PMRY, projects costing upto Rs. 1 lakh for business sector and upto Rs. 2 lakh in other sectors are eligible for assistance, with the subsidy being limited to 15 per cent of the project cost, subject to a ceiling of Rs. 7,500/-. Eligible persons can join together in a partnership to get assistance for projects upto Rs. 10 lakh. The margin money contribution from the beneficiary varies from 5 per cent to 16.25 per cent of the project cost so as to make the sum of the Government subsidy and beneficiary's own contribution equal to 20 per cent of the project cost.

(d): Under the REGP, the target for 2005-06 is to assist in setting up 28873 units for creating 5.5 lakh additional employment opportunities. Similarly, under the PMRY, the target for 2005-06 is to assist in setting up 2.5 lakh units for creating 3.75 lakh job opportunities (with approximately fifty per cent of the units in rural areas).