

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

STARRED QUESTION NO:179

ANSWERED ON:04.08.2005

RURAL BUSINESS HUBS

Adsul Shri Anandrao Vithoba;Verma Shri Ravi Prakash

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether the Government has initiated an action plan to establish rural business hubs as reported in the Hindu dated June 26, 2005;
- (b) if so, the details thereof;
- (c) the States identified for developing rural business hubs;
- (d) whether financial assistance would be provided to States to establish rural business hubs;
- (e) if so, the details thereof; and
- (f) the time by which these hubs are likely to be established?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (f) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN PARTS (a), (b), (c), (d), (e) and (f) OF LOK SABHA STARRED QUESTION No. 179 DUE FOR REPLY ON 4.8.2005 REGARDING `RURAL BUSINESS HUBS`.

(a) & (b) Yes Sir. A Conference of Chief Ministers and State Ministers in charge of Rural Development and Panchayati Raj on Poverty Alleviation through Panchayati Raj was organised in Delhi on 29-30 June, 2004. The Prime Minister in his inaugural address emphasized the need to learn from the Chinese Model of Town and Village Enterprises that add value to agricultural produce in the rural areas. In this context, he suggested the establishment of Rural Business Hubs based on local resource endowments, felt needs of the local community, and relative absorptive capacity. Accordingly, the Ministry of Panchayati Raj has been engaged in consultation with various experts in order to devise an appropriate framework for Panchayats to facilitate the setting up of the Rural Business Hubs. In November, 2004, National Presentation on Rural Business Hubs was organised jointly by Ministry of Panchayati Raj and Confederation of Indian Industry in which several Government agencies such as IT, Financial Institutions including NABARD and institutions dealing with Textiles, Handicrafts and Agro Business participated. About 1000 elected representatives of Gram Panchayats, Block Panchayats and Zilla Panchayats from various States/UTs also participated along with about 250 representatives of industry. The Ministry of Panchayati Raj and the CII are now working together to facilitate public-private-panchayat partnership to establish rural business hubs. For this purpose, a Rural Business Council Co-chaired by the Minister of Panchayati Raj and Shri S.K. Munjal, former Chairman of CII has been set up. The first Meeting of the Council was held on the 29th July, 2005.

(c) Ten States namely, Uttaranchal, Kerala, Karnataka, J&K, Punjab, Rajasthan, West Bengal, U.P., Chattisgarh and Assam, have been initially identified for developing Rural Business Hubs.

(d) & (e) The financing of rural business hubs is envisaged as a business proposition on the public-private-panchayat partnership principle, but will be supported by such Government funds as may be available for this purpose.

(f) All efforts are being made by the Ministry of Panchayati Raj in collaboration with the CII to see that Rural Business Hubs start functioning at the earliest. However, at this stage it is not possible to indicate an exact time-frame by which these Hubs are likely to be established. This will, in any case be an ongoing process, not a specific time-bound scheme.