

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

STARRED QUESTION NO:240  
ANSWERED ON:08.08.2006  
COMPETITION OF COTTAGE AND VILLAGE INDUSTRIES  
Khairi Shri Chandrakant Bhaurao

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

- (a): whether the Government has taken note of the stiff competition being faced in India by cottage and rural industries due to globalisation of the Indian economy;
- (b): if so, the details thereof;
- (c): whether the Government had announced khadi package in the year 2001;
- (d): if so, the names of the cottage and rural industries which have benefited from the package; and
- (e): the steps being taken by the Government to enhance the competition of cottage and rural industries in the international market?

**Answer**

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

(a)to(e): A statement is placed on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 240 TO BE ANSWERED ON 08.08.2006

(a)&(b): The Government has adopted the policy of strengthening the cottage and rural industries facing competition on account of globalisation of the Indian economy, so that they remain competitive in the market economy and generate new job opportunities.

(c)&(d): For promotion of khadi and village industries, Government announced a package on 14.05.2001. The package consists inter alia of modernisation of khadi bhawans/sales outlets, creation of packaging and design facilities, measures for market promotion, brand building, cluster development, etc.

(e): To strengthen the cottage and rural industries and make them competitive, Government has been implementing schemes like Interest Subsidy Eligibility Certificate Scheme (ISEC) providing subsidised rates of interest on bank loans, Product Development, Design Intervention and Packaging (PRODIP) Scheme for improving designs and Rural Employment Generation Programme (REGP) for setting up village industries by providing subsidy in the form of margin money. Assistance is provided to khadi and village industry units to participate in exhibitions at the national, sub-national levels, etc. for improving marketing of both khadi and village industry products. These facilities are available to all eligible cottage and rural industries. Further, the Government has recently approved the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) in 100 clusters of khadi, village and coir industries over five years beginning 2005-06. The scheme envisages assistance for setting up of common facility centres (CFC), quality improvement, training and capacity building, development of new products, improved packaging, new design, market promotion, etc.