

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

UNSTARRED QUESTION NO:5505  
ANSWERED ON:15.05.2007  
PROMOTION OF KHADI AND VILLAGE INDUSTRIES  
Mahtab Shri Bhartruhari

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

- (a) whether there is a great scope to set up Khadi and Village Industries in the country particularly in Orissa;
- (b) if so, the details thereof; State and Union Territory-wise;
- (c) the steps taken by the Government to promote Khadi and Village Industries in the country particularly in Orissa during the Tenth Five Year Plan; and
- (d)
- (d) the details of funds allocated/utilised during the Tenth Five Year Plan, State and Union Territory-wise?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a) & (b): Yes, Sir. Village Industries in the country are promoted by the Government (in the Ministry of Agro and Rural Industries) through the Rural Employment Generation Programme (REGP), a credit-linked subsidy scheme implemented by the Government through the Khadi and Village Industries Commission (KVIC) in rural areas, including small towns with population upto 20,000, throughout the country, including Orissa. Similarly, khadi industry is promoted through implementation of various schemes through KVIC, throughout the country including Orissa. Khadi has tremendous potential of employment generation in the rural areas at a very low rate of investment.

As regards REGP, during 2006-07 Rs.372.63 crore was earmarked to KVIC for implementing REGP and during 2007-08 the allocation has been increased to Rs. 445 crore. Around 2.59 lakh village industry units have been established upto March 2007 under REGP since the inception of the scheme

(from April 1995). The State/UT - wise details of projects set up under REGP during Tenth Five Year Plan are given at Annex. I.

(c): As part of the Government's National Common Minimum Programme to revamp the Khadi and Village Industries Commission (KVIC), the Khadi and Village Industries Commission Act, 1956 has been amended and the Commission has been re-constituted. The steps taken by the Government to promote khadi and village industries in the country, including Orissa, Government (in the Ministry of Agro and Rural Industries) has been implementing schemes like Interest Subsidy Eligibility Certificate scheme (ISEC) providing subsidized rates of interest on bank loans, Product Development, Design Intervention and Packaging

(PRODIP) Scheme for improving designs and packaging of khadi and village industry products and Rebate Scheme for providing rebate on sales of khadi through KVIC. Assistance is also provided to khadi and village industry institutions/REGP units by KVIC to participate in exhibitions at the national, sub-national levels to assist marketing of khadi products. Further, the Government has launched the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) to develop 100 clusters (25 khadi, 50 village industries and 25 coir clusters) over a period of five years beginning 2005-06. SFURTI envisages assistance for setting up of common facility centres, quality improvement, training and capacity building, development of new products, improved packaging, new design, market promotion, etc. 2 clusters for village industries and 2 clusters for coir development have been approved for Orissa under SFURTI.

(d): REGP is a Central Sector scheme and the approved grants for the scheme are released to the KVIC which, in turn, releases the funds (towards margin money assistance) to the banks against the projects sanctioned in each State/Territory

(UT). The State/UT - wise details of margin money allocated by KVIC under the REGP during Tenth Five Year Plan are given at Annex. II and those of margin money utilised are given at Annex. III.