

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:972

ANSWERED ON:05.03.2008

MEMORANDUM OF UNDERSTANDING WITH M O COMMERCE AND INDUSTRY

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Verma Shri Ravi Prakash

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Ministry of Panchayati Raj has signed any memorandum with the Ministry of Commerce and Industry for exporting products manufactured by the rural Industries as published in the Hindu dated February 21, 2008;

(b) if so, the details thereof; and

(c) the number of rural industries set up/proposed to be set up across the country?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b): No, Sir. While, the Ministry of Panchayati Raj has not signed any memorandum with the Ministry of Commerce and Industry as published in The Hindu dated February 21, 2008, the Ministry of Panchayati Raj has signed a Memorandum of Cooperation (MOC) with the Export and Import Bank of India (EXIM Bank) on 20 February, 2008 at Nagapattinam in the joint present of Union Minister of Panchayati Raj and the Union Minister of State for Commerce. The MOC aims at enhancing the export promoting activities of the Ministry of Panchayati Raj through the Rural Business Hubs (RBH) initiative by linking it with EXIM Bank's initiatives in supporting exports from rural India through mutual cooperation on the following activities:-

i. Facilitating identification of suitable exporters, especially in the SME sector, willing to organize their decentralized production activities in rural areas;

ii. Fostering a mutually beneficial business relation between such exporters and rural producers, availing of the support and facilitation of Panchayats;

iii. Providing fee-based consultancy/advisory services by EXIM BANK to respective local/state bodies on the preparation of business plans for the formation of RBHs;

iv. Facilitating wider visibility and promotion of identified products of RBHs in international markets on best effort basis and on mutually agreeable terms and conditions through, inter alia, linking these products to EXIM BANK's rural portal and by displaying such products at the overseas offices of EXIM BANK;

v. EXIM BANK, through its network, will help identify products that could be marketed internationally;

vi. Assisting companies evincing interest in the RBH concept in undertaking feasibility studies on the prospects of new RBHs;

vii. Familiarizing select RBHs with the process of obtaining Ethical Trading, Fair Trade, Organic certification and Social Audit (SA 2000);

viii. Organizing joint workshops, training programmes, seminars, technical sessions and meetings where officials of both organizations and representatives of leading international trade promotional organizations from select countries can participate as faculty/participants;

The fees and expenses, if any, incurred in connection with this MOC shall be paid by the respective parties or shared among them as the case may be.

(c): The role of the Ministry of Panchayati Raj is focused on facilitating but not itself setting up rural industries in the Panchayat-Public-Private-Partnership mode across the country. RBH is an initiative aimed at linking primary production in rural areas to value-addition through industrial processing, that is, promoting inclusive growth through inclusive governance by involving local institutions of representative self government. The initiative follows an integrated approach based on the resource endowments of the area, felt needs of the people and relative absorptive capacity that needs differentiated responses. Through the RBHs, the Ministry of Panchayati Raj is thus attempting to develop and promote Public-Private-Panchayat Partnership wherein the Panchayats will facilitate convergence of extant schemes of State and Central Government, together with initiatives of Panchayats, financial institutions and promotional bodies. This will help develop a holistic and integrated partnership between decentralized rural production units and larger corporate entities.

The Ministry proposes to help the Panchayats and State Governments to set up at least one RBH in each of the Backward Region

Grants Fund districts of the country during the XI Five Year Plan. To identify, develop and refine models for this, an RBH Central Sector Scheme for piloting the RBHs is under way. The Scheme has an approved outlay of Rs. 24.90 crore for the XI Five Year Plan with Rs. 2 crore allocated for the financial year 2007-08. The Ministry proposes to support 25 projects during the current financial year. To set up RBHs, till date 110 MoUs have been signed across 10 States in such diverse fields as food processing, jatropha plantation, carpet weaving, handicrafts, stone carving, etc. These MoUs are at different stages of implementation.