

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

UNSTARRED QUESTION NO:1307

ANSWERED ON:08.12.2004

CONDITION OF RURAL INDUSTRIES

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

(a): whether the Government is aware that the condition of traditional rural cottage industries is worsening consequent to which villagers are migrating to the cities in search of employment;

(b) if so, the steps taken by the Government to promote rural industries and check the migration of villagers to cities; and

(e): if not, the reasons therefore?

**Answer**

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

(a)to(c) : The Khadi and Village Industries (KVI) sector consists essentially of conventional (traditional) rural cottage industries. Government has been taking steps from time to time for the promotion and development of cottage industries to generate more employment opportunities in the rural areas and help reduce the migration to cities. The value of total production of village industries in the KVI sector has grown from Rs. 7140.50 crore in 2001-02 to Rs. 8126.30 crore in 2002-03 and further to Rs. 9263.98 crore during 2003-04, thus showing an average annual growth of 14 per cent. Similarly, the employment generation in the village industry sector has also shown an increasing growth from 54.16 lakh jobs in 2001-02 to 57.87 lakh jobs in 2002-03 and to 62.57 lakh jobs in 2003-04. Besides, for the regeneration of traditional industries like coir, handloom, handicrafts, sericulture, leather, pottery and other cottage industries, the Government has recently announced the decision to set up a Fund with an initial allocation of Rs. 100 crore.

Further, the Government, through the Khadi and Village Industries Commission (KVIC), is implementing the Rural Employment Generation Programme (REGP) in the rural areas to promote village industries for the development of these areas and to generate more employment opportunities. Under this programme, entrepreneurs can establish agro and rural industries, including village industries, by availing of margin money assistance from the KVIC and loans from any public sector scheduled commercial bank, for projects with a maximum cost of Rs. 25 lakh. The margin money assistance available is as detailed in the table below:

Sl.No.	Category of Beneficiary	Project Cost	Margin money Assistance
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1	General	Upto Rs. 10 lakh	25% of project cost
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2	SC/ST/Women/Ex-Serviceman/NE Region/Hill Areas	Upto Rs. 10 lakh	30% of project cost
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3	General	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 2.5 lakh + 10% of balance project cost
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4	SC/ST/Women/Ex-Serviceman/NE Region/Hill Areas	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 3 lakh + 10% of balance project cost
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The progress under the REGP during the last three years is given in the table below:-

Sl.No.	Year	Number of Projects financed	Employment (lakh persons)
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1	2001-02	20767	3.43
2	2002-03	21024	3.61
3	2003-04 (P)#	24747	4.71

# = Provisional