

**GOVERNMENT OF INDIA  
MICRO, SMALL AND MEDIUM ENTERPRISES  
LOK SABHA**

UNSTARRED QUESTION NO:2279  
ANSWERED ON:21.07.2009  
LABOUR INTENSIVE POLICY FOR COTTAGE INDUSTRY  
Pal Shri Jagdambika

**Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:**

- (a) whether the Government has formulated a labour intensive policy for the development of the cottage industry; and  
(b) if so, the details thereof alongwith time by which it is likely to be implemented?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a) & (b): The Government (in the Ministry of Micro, Small and Medium Enterprises) during 2008-09 has approved the following three new schemes for development and promotion of the khadi and village industries sector through the Khadi and Village Industries Commission (KVIC) for implementation:-

(i) "Prime Minister's Employment Generation Programme (PMEGP)" for creation of additional employment opportunities through establishment of micro enterprises. The Scheme is being implemented through the KVIC as the single nodal agency at the national level. At the State/ Union Territories level, the scheme is implemented through field offices of KVIC, State/Union Territory Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) with involvement of Banks. Under this Programme, entrepreneurs can also establish village industries, by availing of margin money assistance from the KVIC/ KVIBs of States & Union Territories/ DICs and loans from implementing public sector scheduled commercial Banks, selected regional rural Banks and co-operative Banks, etc., for projects with a maximum cost of Rs. 10 lakh each in the service/business sector and up to Rs.25 lakh each in the manufacturing sector.

(ii) Scheme for "Enhancing Productivity and Competitiveness of Khadi Industry and Artisans" with the objective, inter alia, to make khadi industry more competitive with more market -driven, profitable production and sustained employment for khadi artisans and related service providers by replacement of obsolete and old machinery and equipment and repairs to/renovation of existing/operational machinery and equipment, extend an evenly balanced and need-based support in all areas of Khadi activities viz. production, distribution, promotion and capacity building.

(iv) Workshed Scheme for Khadi Artisans to provide financial assistance exclusively to khadi spinners and weavers belonging to below poverty line (BPL) category for construction of worksheds.

In addition, a new scheme, namely, 'Scheme for Strengthening of Infrastructure of Existing weak Khadi Institutions and Assistance for Marketing Infrastructure' has been approved in July 2009 with the objective to assist identified weak khadi institutions so as to enable those institutions regain their status and revive their potential for reemployment, and improving marketing of khadi products through development of marketing infrastructure, including renovation of selected sales outlets of khadi institutions, on a limited basis.

The details of targets set by KVIC for these three new schemes for year 2009-10, are given below:-

Name of the Scheme    Budget Allocation    Target

PMEGP	Rs. 823 crore	Generation of additional employment opportunities for 6.17 lakh persons
Workshed Scheme for Khadi Artisans	Rs. 15 crore	6,000 spinners to be provided worksheds

Scheme for Enhancing Productivity and Competitiveness of Khadi Industry and Artisans.	Rs.8 crore	23 khadi institutions to be assisted.
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Scheme for Strengthening of Infrastructure of	Rs.5 crore	Assisting around 30 identified weak khadi institutions and development of
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Existing weak Khadi marketing infrastructure, including  
Institutions and Assistance renovation of 8 selected sales outlets.  
for Marketing Infrastructure