

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

UNSTARRED QUESTION NO:2448  
ANSWERED ON:10.03.2011  
NEW POLICY FOR DEVELOPMENT OF COTTAGE INDUSTRY  
Sharma Shri Madan Lal

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

- (a) whether the Government has formulated any policy for the development of cottage industry on the basis of labour intensive techniques;
- (b) if so, the details thereof;
- (c) the time by which the said policy is likely to be introduced; and
- (d) the target of coverage under the aforesaid policy?

**Answer**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI VIRBHADRA SINGH )

(a) to (c): Development of cottage industry is largely the responsibility of state Governments. However, Government in the Ministry of Micro, Small and Medium Enterprises (MSME) also has a number of schemes/interventions for the development of MSME including cottage industry on the basis of labour intensive techniques and low per capita investment. The Government in the Ministry of Micro, Small and Medium Enterprises is implementing Prime Minister's Employment Generation Programme (PMEGP), a credit-linked subsidy programme since 2008-09 through Khadi and Village Industries Commission(KVIC) throughout the country for generating self-employment opportunities through establishment of micro enterprises including cottage industries by organizing traditional artisans and unemployed youth, helping in preventing their migration besides increasing their earning capacity. 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, beneficiaries can establish micro enterprises including cottage industries by availing of margin money subsidy of 25 percent of project cost for units in rural areas set up by beneficiaries belonging to general category which will be 35 percent for beneficiaries belonging to special categories such as scheduled caste/scheduled tribe/women and others through the implementing agencies and loans from Banks, etc., for projects costing up to Rs.25 lakh each in the manufacturing sector and upto Rs.10 lakh each in the service sector.

(d) The target and achievement of number of units assisted under PMEGP during last three years is given below:

Year Number of units assisted under PMEGP  
Target achievement

2008-09	61000	25507
2009-10	47000	39502
2010-11#	60000	31605

# upto 10.02.2011