

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

UNSTARRED QUESTION NO:1731
ANSWERED ON:01.12.2011
CONTRIBUTION OF RURAL INDUSTRIES
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the production in rural industry sector is declining as compared to the total industrial production of the country;
- (b) if so, the details thereof indicating the reasons therefor; and
- (c) the steps taken/proposed to be taken by the Government to boost rural industries sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

(a)&(b) Data on production of rural industries in the country, which include khadi and village industries (KVI), is not centrally compiled in the Ministry of Micro, Small and Medium Enterprises. However, as per the data relating to KVI Sector compiled by Khadi and Village Industries Commission (KVIC), a statutory organization established under the KVIC Act 1956 for promoting and developing khadi and village industries in the country, KVI production has been growing at a compound annual growth rate of 14.80% over the last 10 years.

(c) Government in the Ministry of Micro, Small and Medium Enterprises has been supplementing the efforts of the State Governments in promoting rural industries. In particular, a credit-linked subsidy programme named the Prime Minister's Employment Generation Programme (PMEGP) was launched by this Ministry in 2008-09 and is being implemented through KVIC. PMEGP is particularly aimed at generating self-employment opportunities through establishment of micro enterprises including rural industries by helping traditional artisans and unemployed youth. Under PMEGP, beneficiaries can establish micro enterprises by availing of margin money subsidy of 25% of the project cost in rural areas; and in case of beneficiaries belonging to special categories such as scheduled castes/scheduled tribes /women the margin money subsidy is 35 %. In urban areas, the quantum of margin money subsidy is 15%; and for beneficiaries belonging to special categories this is 25%. The maximum cost of the projects assisted under PMEGP is 25 lakh in the manufacturing sector and ` 10 lakh in the service sector.