

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

UNSTARRED QUESTION NO:1015

ANSWERED ON:29.11.2012

COTTAGE INDUSTRIES

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

- (a) whether cottage industries of the villages are on the verge of closure due to liberalisation;
- (b) if so, the details thereof;
- (c) the criteria of conducting census of cottage industries in rural areas;
- (d) the steps taken by the Government to provide marketing facilities for cottage industries and to protect them from the effect of liberalisation;
- (e) the achievements made by the Government so far by the measures adopted; and
- (f) the steps taken by the Government for the development of cottage industry especially on labour based technique in the country including Madhya Pradesh and Gujarat?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI K.H. MUNIYAPPA)

(a): No, Madam.

(b): Does not arise.

(c): Government in the Ministry of Micro, Small and Medium Enterprises has not conducted any census per se of cottage industries in rural areas.

(d) to (f): Marketing of khadi and village industries (KVI) products including products of cottage industries is primarily undertaken through KVI sales outlets of Khadi and Village Industries Commission (KVIC), State Khadi and Village Industries Boards (KVIBs) and Khadi Institutions (KIs).

KVIC conducts District, State, Zonal as well as National Level exhibitions to showcase and promote KVI products including those of cottage industries. KVIC also participates along with KVI units in international exhibitions to explore overseas markets and promote exports. KVIC is implementing a number of schemes for the development of khadi and village industries in the country, which include:

- (i) Market Development Assistance (MDA),
- (ii) Interest Subsidy Eligibility Certificate (ISEC),
- (iii) Khadi Reform and Development Programme (KRDP),
- (iv) Product Development, Design Intervention and Packaging (PRODIP),
- (v) Workshed Scheme for Khadi Artisans and
- (vi) Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure.

Further, KVIC is implementing a 'Scheme of Fund for Regeneration of Traditional Industries (SFURTI)' for developing clusters in KVI sector including cottage industries, inter alia through replacement of equipments, setting-up of common facilities centres, development of innovative products, marketing support, etc. Under SFURTI, so far 29 khadi clusters and 47 village industries (VI) clusters have been developed. KVIC is also implementing a credit-linked subsidy scheme named Prime Minister's Employment Generation Programme (PMEGP) from 2008-09 for generating self-employment through establishment of micro-enterprises in the non-farm sector. General category beneficiaries can avail of margin money subsidy of 25% of the project cost in rural areas and 15% in urban areas. For beneficiaries belonging to special categories such as scheduled castes, scheduled tribes, OBCs, minorities, women, ex-servicemen, physically handicapped, beneficiaries belonging to NER, hill and border areas, etc., the margin money subsidy is 35% in rural areas and 25% in urban areas. The maximum cost of project is Rs 25 lakh in the manufacturing sector and Rs 10 lakh in the service sector. From its inception in 2008-09 till 31 October 2012, 1,78,110 micro-enterprises, including those relating to cottage industries, have been provided margin money assistance of Rs 3359 crore to create employment for an estimated 17.25 lakh persons in the country. Of these, 5501 micro-enterprises in Madhya Pradesh and 5410 micro-enterprises in Gujarat have been provided margin money assistance of Rs 172.61 crore and Rs 151.22 crore, respectively, to create employment for an estimated 0.57 lakh and 0.58 lakh persons respectively.

