

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

UNSTARRED QUESTION NO:1822  
ANSWERED ON:01.12.2009  
COTTAGE INDUSTRIES  
Thakor Shri Jagdish

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

- (a) whether the cottage industries in the country, including Gujarat are in a poor state;
- (b) if so, the details thereof and the reasons therefor alongwith the reaction of the Government thereto;
- (c) whether the Government has initiated any steps including grant of funds to rejuvenate the cottage industries in the country;
- (d) if so, the details of the steps taken in this regard and the total funds granted/released during each of the last three years and the current year, State-wise including Gujarat; and
- (e) the steps taken by the Government to encourage the setting up of more cottage industries in the backward regions of the country including Gujarat?

**Answer**

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

(a) & (b): The development and promotion of small and cottage industries is primarily the responsibility of States / Union Territories (UTs). The Government (in the Ministry of Micro, Small and Medium Enterprises), however supplements the efforts of the States / Union Territories for development and promotion of micro, small and medium enterprises, including khadi, village and cottage industries, through various schemes / programmes relating to credit, infrastructural development, technology upgradation, marketing, entrepreneurial development, etc, throughout the country, including the States/Union Territories having low per capita income and high rates of poverty. The value of production of khadi in the country, including Gujarat has been showing an upward trend during the last 4 years. The estimated value of products of village industries has also shown consistently upward trend.

The figures of value of production of khadi and village industries in Gujarat as well as the entire country during the last 4 years are given below:

YEAR	PRODUCTION (Value Rs. crore)			
	Khadi	Village Industries		
	Gujarat	Entire Country	Gujarat	Entire Country
	including Gujarat	including Gujarat		

2005-06	27.82	468.30	527.60	11915.54
2006-07	29.08	491.52	565.66	13527.19
2007-08	33.09	543.39	625.69	16134.32
2008-09	34.52	585.25	649.71	16753.62

(c) & (d): For regeneration of traditional industries, a scheme, namely, the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) is being implemented in the khadi, village and coir sector, which include cottage industries as well. Over 100 clusters in these sectors have been taken up for development under SFURTI. Out of these 4 clusters have been taken up in Gujarat, and the details thereof are as under:

Place	Sector	Name of Cluster
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Rajkot	Khadi	Vadhawan Polyester Cluster
Bhavnagar	Coir	Mahuva Coir Cluster
Valsad	Village Industries	Neera Cluster
Ahmedabad	Village Industries	Gujarat Tribal Jewelry Cluster

Release of funds under SFURTI is cluster specific and not made to the States directly. The funds are released to the Nodal Agencies,

i.e., the Khadi and Village Industries Commission (KVIC) and Coir Board, which are responsible for holding and disbursing the funds on receipt of utilization certificate and depending on actual physical progress. Funds released to the Nodal Agencies during the last three years and funds earmarked for current year under SFURTI are as under:

(Rs. crore)  
KVIC Coir Board Total

2006-07	19.03	6.50	25.53
2007-08	9.04	6.27	15.31
2008-09	13.45	3.50	16.95
2009-10#	-	-	17.00

#Funds allocated in BE 2009-10 under SFURTI.

(e): Prime Minister's Employment Generation Programme (PMEGP) is one of the schemes, under which entrepreneurs, can establish 'micro enterprises', as defined in the "Micro, Small and Medium Enterprises Development Act, 2006" in the rural as well as urban areas of the country, including Gujarat, i.e., the enterprises engaged in

(i) the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, where the investment in plant and machinery does not exceed twenty five lakh rupees;

(ii) those providing or rendering services, where the investment in equipment does not exceed ten lakh rupees, by availing of margin money assistance from Khadi & Village Industries Commission (KVIC) and loans from any public sector scheduled commercial bank.

PMEGP is implemented through KVIC as the single nodal agency at the national level. At the State/Union Territories level, the scheme is being implemented through field offices of KVIC, State/Union Territory Khadi and Village Industries Boards and District Industries Centres (DICs), including Gujarat, with involvement of banks. The permissible margin money subsidy assistance provided under PMEGP is as under:

Categories of beneficiaries under PMEGP	Beneficiary's Contribution Rate of Subsidy (of project cost)	
	Urban	Rural

Area (location of project/unit)

General Category	10%	15%	25%
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Special Category (including SC / ST / OBC /Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas etc.)	05%	25%	35%
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