

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

UNSTARRED QUESTION NO:650  
ANSWERED ON:07.08.2013  
PRODUCTS MANUFACTURED BY COTTAGE INDUSTRIES  
M.Thambidurai Dr.

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

- (a) whether the Government has reviewed the progress of cottage industries in rural as well as urban areas of the country during each of the last three years and the current year and the present condition of this industry;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the details of the constraints presently being faced by the cottage industries;
- (d) the names of the organisations which are working for the benefit of these industries; and
- (e) the steps taken/being taken by the Government for the development of cottage industries and to sort out the difficulties being faced by this sector?

**Answer**

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

(a) & (b): No specific review of the progress of cottage industries in rural as well as urban areas of the country and their present condition, has been conducted by the Ministry of Micro, Small and Medium Enterprises (MSME). However, as reported by Khadi and Village Industries Commission (KVIC) and Coir Board, the statutory bodies under the Ministry for the promotion and holistic development of khadi and village industries (KVI) and coir respectively, the production & export of KVI and coir products and employment generated during the last three years is given below:

Year	Production (Rs crore)	Export		Estimated employment generated (lakh persons)		
		KVI (value in Rs crore)	Coir (Quantity in metric ton)	KVI	Coir	
2010-11	19871.86	5,25,000	116.84	807.07	113.80	6.97
2011-12	21852.04	5,31,500	83.87	1052.62	119.10	7.02
2012-13	24022.33	5,36,185	80.00	1116.03	124.79	7.10

(Provisional)

Schemes and programmes of KVI and coir sectors are closely monitored & reviewed at the level of implementing agencies and the Ministry. Efforts for systemic improvement in the light of implementational problems are a continuous process.

(c): Constraints presently being faced by cottage industries mainly relate to inadequate credit access, delay in disbursement of loans by banks, inadequate marketing facilities and competition from multinational companies. Credit issues are taken up with banks on a continuing basis and issues relating to marketing are addressed through various schemes such as Market Development Assistance, Scheme of Funds for Regeneration of Traditional Industries and Khadi Reform and Development Programme implemented by the Ministry.

(d)&(e): Development of cottage industries is mainly the responsibility of the State Governments. However, Government in the Ministry of MSME supplements the efforts of State Governments for promotion of khadi, village industries and coir through a number of schemes implemented by KVIC and Coir Board. These include the Prime Minister's Employment Generation Programme (PMEGP), a major credit-linked subsidy programme implemented since 2008-09 through KVIC throughout the country for generating self-employment opportunities through establishment of micro enterprises including cottage industries in the non-farm sector by organizing traditional artisans and unemployed youth. Under the programme, 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. Under PMEGP, a total of 2.21 lakh micro enterprises have been assisted with a margin money subsidy of Rs 4147.95 crore providing employment to an estimated 20.34 lakh persons since its inception till 2012-13.